the Freeman

Ideas on Liberty

MARCH 1977

THINK TWICE*

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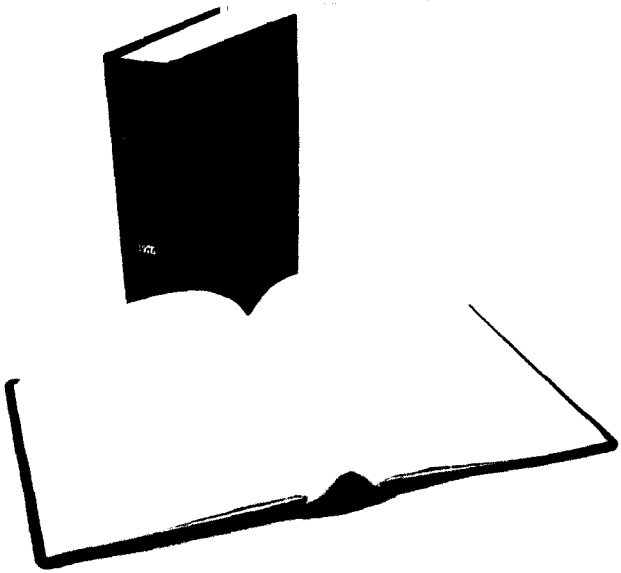

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THINK TWICE*

*Before You Disparage Capitalism

Perry E. Gresham

"Everybody for himself, said the elephant as he danced around among the chickens." This lampoon of capitalism came from a Canadian politician. The word "capitalism" has fallen into disrepute. It is associated with other pejorative terms such as "fat cat," "big business," "military-industrial complex," "greedy industrialists," "stand patters," "reactionaries," and "property values without regard to human values." Many serious scholars look on capitalism as a transitional system between late feudalism and inevitable socialism.

Adam Smith has been associated with the word "capitalism" even though he did not use the term. He did not so much as refer to capital by that name, but used the word "stock" to describe what we call capital. Karl Marx wrote in response to Adam Smith's *Wealth of Nations* and called his great work *Das Kapital.* There was disparagement and scorn—even hate—for the ideas of the free market economy. The term capitalism has been less than appealing to many people since that time even though they know little about the contents of the Marx benchmark in political economy.

Some political economists who cherish individual liberty and the free market have suggested that a new name be found to describe economic liberty and individual responsibility. Until a new name appears, however, the thoughtful per-

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son does well to think twice before he disparages the market economy with all of its implications implied by the term capitalism since there is now no ready alternative available for reasonable discourse.

Is the System Outmoded?

Many thoughtful citizens of America think of capitalism as a quaint and vanishing vestige of our Yankee industrial beginnings. With burgeoning population, urbanization and industrialization, they argue, capitalism disappears. They are not quite ready to embrace socialism, but they heartily approve government planning and intervention. John Kenneth Galbraith, articulate spokesman for the liberal establishment, calls for the open acclaim of a new socialism which he believes to be both imminent and necessary. "The new socialism allows of no acceptable alternatives; it cannot be escaped except at the price of grave discomfort, considerable social disorder and, on occasion, lethal damage to health and well-being. The new socialism is not ideological; it is compelled by circumstance."[1]

At first blush, the Marxian assumption of economic determinism is quite plausible, but I do not believe it can stand up to the scrutiny of experience. My study of history leads me to assume with many of my thoughtful colleagues that free people can, within certain limits, choose their own systems of political economy. This is precisely what happened in West Germany at the time of Ludwig Erhard. The Germans chose capitalism rather than the socialism recommended by many American, British, and Continental economists and politicians. It is my opinion that Americans can and should call for a renewal of capitalism rather than a new socialism.

Capitalism has been neither understood nor sympathetically considered by most contemporary Americans. Capitalism is a radical and appealing system of political economy which needs a new and favorable review. The new socialism has never been tried. The old socialism is not very inviting. Consider Russia, China, Cuba, Chile, and now Britain. Capitalism has been tried with the most amazing success in all history. What is the nature of a political and economic system which has made the poor people of America more prosperous than the rich of many countries operating under State control? Here are my paragraphs in praise of capitalism. They are somewhat lyrical but grounded in fact and open to review.

[1] Galbraith, John Kenneth, *Economics and the Public Purpose* (Boston: Houghton Mifflin Company, 1973), p. 277.

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An Enviable Record

Capitalism is the one system of political economy which works, has worked and, given a chance, will continue to work. The alternative system is socialism. Socialism is seductive in theory, but tends toward tyranny and serfdom in practice.

Capitalism was not born with *The Wealth of Nations,* nor will it die with *Das Kapital.* It is as old as history and as new as a paper route for a small boy. Capitalism is a point of view and a way of life. Its principles apply whether or not they are understood, approved and cherished.

Capitalism is no relic of Colonial America. It has the genius of freedom to change with the times and to meet the challenges of big industries, big unions, and big government if it can free itself from the restraints of interest-group intervention which eventuates in needless government expansion and spending. Let the market work, and the ambition of each individual will serve the common good of society.

Capitalism is an economic system which believes with Locke and Jefferson that life, liberty, and property are among the inalienable rights of man.

Capitalism denies the banal dichotomy between property values and human values. Property values *are* human values. Imagine the disjunction when it is applied to a person with a mechanical limb or a cardiac pacemaker. The workman with his tools and the farmer with his land are almost as dramatic in the exemplification of the identity between a person and his property.

Capitalism is belief in man—an assumption that prosperity and happiness are best achieved when each person lives by his own will and his own intelligence. Each person is a responsible citizen.

Limited Government

Capitalism recognizes the potential tyranny of any government. The government is made for man; not man for the government. Therefore, government should be limited in size and function, lest free individuals lose their identity, become wards of the State. Frederic Bastiat has called the State a "great fiction wherein everybody tries to live at the expense of everybody else."

Capitalism denies the naive and mystic faith in the State to control wages and prices. A fair price is the amount agreed upon by the buyer and seller. Competition in a free market is far more trustworthy than any government administrator. The government is a worthy defense against force and fraud, but the market is much better at protecting against monopoly, inflation, soaring prices, depressed

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wages and the problems of scarcity. Capitalism works to the advantage of consumer and worker alike.

Capitalism denies the right of government to take the property of a private citizen at will, or to tax away his livelihood at will, or to tell him when and where he must work or how and where he must live. Capitalism is built on the firm foundation of individual liberty.

Capitalism believes that every person deserves an opportunity. "All men are created equal" in terms of opportunity, but people are not equal—nor should they be. How dull a world in which nobody could outrun anybody! Competition is a good thing no matter how much people try to avoid it. Equality and liberty are contradictory. Capitalism chooses liberty!

Equality of Opportunity

Capitalism gives a poor person an opportunity to become rich. It does not lock people into the condition of poverty. It calls on every individual to help his neighbor, but not to pauperize him with making him dependent. Independence for every person is the capitalist ideal.

When a person contracts to work for a day, a week, or a month before he is paid, he is practicing capitalism. It is a series of contracts for transactions to be completed in the future. Capitalism is promise and fulfillment.

Capitalism offers full employment to those who wish to work. The worker is free to accept a job at any wage he can get. He can join with his fellows in voluntary association to improve his salary and working conditions. He can change jobs or start his own business. He relies on his ability to perform rather than on the coercive power of the State to force his employment.

Capitalism is color-blind. Black, brown, yellow, red and white are alike in the market place. A person is regarded for his ability rather than his race. Economic rewards in the market place, like honor and acclaim on the playing field, are proportionate to performance. The person who has the most skill, ability and ingenuity to produce is paid accordingly by the people who value and need his goods and services.

Trust in the Market

Capitalism is a belief that nobody is wise enough and knows enough to control the lives of other people. When each person buys, sells, consumes, produces, saves, and spends at will, what Leonard Read calls "the miracle of the market" enables everyone to benefit.

Capitalism respects the market as the only effective and fair means of allocating scarce goods. A free market responds to shortages and spurs production by rising prices.

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Arbitrary controls merely accept and keep the shortages. When rising prices inspire human ingenuity to invent and produce, the goods return and prices fall.

Nobody knows enough to build an airplane or a computer, but hundreds of people working together perform these amazing acts of creation. This is the notable human achievement which Adam Smith called "The Division of Labor."

Capitalism derives its name from the fact that capital is essential to the success of any venture whether it involves an individual, a corporation, or a nation-state. Capital is formed by thrift. The person who accumulates capital is personally rewarded and, at the same time, a public benefactor.

Capitalism makes every person a trustee of what he has. It appoints him general manager of his own life and property, and it holds him responsible for that trusteeship.

Church and Family Ties

Capitalism is a natural ally of religion. The Judeo-Christian doctrines of stewardship and vocation are reflected in a free market economy. Churches and synagogues can be free and thriving with capitalism. When the churches falter, the moral strength of capitalism is diminished.

Capitalism depends on the family for much of its social and moral strength. When the family disintegrates, the capitalist order falls into confusion and disarray. The motive power for the pursuit of life, liberty, and property is in the filial and parental love of a home with its dimensions of ancestry and posterity.

Capitalism enables entrepreneurs to be free people, taking their own risks and collecting their own rewards.

Work is a privilege and a virtue under capitalism. Leisure is honored, but idleness is suspect. The idea that work is a scourge and a curse has no place in the climate of capitalism.

Capitalism holds profits derived from risk and investment to be as honorable as wages or rent. Dividends paid to those who invest capital in an enterprise are as worthy as interest paid to a depositor in a savings bank. The idea abroad that risk capital is unproductive is patently false.

The Voluntary Way

Capitalism honors and promotes charity and virtue. True charity cannot be compelled. Universities, hospitals, social agencies, are more satisfactory and more fun when they derive from voluntary support. Money taken by force and bestowed by formula is no gift.

The consumer is sovereign under capitalism. No bureaucrat,

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marketing expert, advertiser, politician, or self-appointed protector can tell him what to buy, sell, or make.

Capitalism encourages invention, innovation and technological advance. Creativity cannot be legislated. Only free people can bring significant discovery to society. Thomas A. Edison was not commissioned by the government.

The concept of free and private enterprise applies to learning and living as well as to the production of goods and services. When a student learns anything it is his own. Nobody, let alone a state, ever taught anybody anything. The State can compel conformity of a sort, but genuine learning is an individual matter—an act of free enterprise and discovery.

Respect for the Individual

Capitalism honors the liberty and dignity of every person. The private citizen is not regarded as a stupid dupe to every crook and con man. He is regarded as a free citizen under God and under the law—able to make his own choices; not a ward of the State who must be protected by his self-appointed superiors who administer government offices.

Capitalism is a system which distributes power to the worker, the young, the consumer and the disadvantaged by offering freedom for voluntary organization, dissent, change, choice and political preference, without hindrance from the police power of government.

The renewal of capitalism could be the renewal of America. Nothing could be more radical, more timely, or more beneficial to the responsible and trustworthy common people who are now beguiled by the soft and seductive promises of the new socialism.

No political and economic system is perfect. Plato's *Republic* was in heaven—not on earth. If people were all generous and good,any system would work. Since people are self-centered, they are more free and happy in a system which allows the avarice and aggressiveness of each to serve the best interest of all. Capitalism is such a system. It is modestly effective even in chains. The time has come for daring people to release it and let us once more startle the world with the initiative and productivity of free people!

Some of my academic colleagues will deny, dispute, or scorn the foregoing laudatory comments about capitalism. They will say that socialism benefits the poor, the young, the consumer, the minorities, and that capitalism protects the rich and the powerful. When discussion is joined, however, they will argue in terms of politics rather than economics, ideology rather than empirical evidence, and they will accuse me of doing the same. When the most persuasive

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case is produced, it will not convince. Political opinions are not changed by rational argument.

A Call for Renewal

Those who have socialist ideological preferences are merely annoyed to arrogance and disdain by such honest appreciation of capitalism as I have presented. Those scholars, however, who like Ludwig Von Mises, Friedrich Hayek, and Milton Friedman have explored the relevance of capitalism to our present predicament, will join in the call for renewal of a system that works. Those who, like the late Joseph Schumpeter, have watched the apparently relentless disintegration of capitalism, and have concluded that socialism will work, albeit with painful disadvantages, will heave a long sad sigh of regret at the passing of the happy and prosperous capitalist way of life. They will, as people must, accept what appears from their perspective inevitable, and try to make the best of the gray and level life of socialism.

Schumpeter, however, was no defeatist. He was a perceptive analyst of human affairs. In the preface to the second edition of his *magnum opus* he wrote, "This, finally, leads to the charge of 'defeatism.' I deny entirely that this term is applicable to a piece of analysis. Defeatism denotes a certain psychic state that has meaning only in reference to action. Facts in themselves and inferences from them can never be defeatist or the opposite whatever that might be. The report that a given ship is sinking is not defeatist. Only the spirit in which this report is received can be defeatist: The crew can sit down and drink. But it can also rush to the pumps."[2]

Friends of liberty, to the pumps!

Those who love liberty more than equality, those who are uneasy with unlimited government, those who have faith in man's ability to shape his own destiny, those who have marveled at the miracle of the market will join me in this call for renewal of this simple, reasonable, versatile and open system of capitalism which has worked, is working, and will work if freed from the fetters of limitless state intervention. The choice, I believe, is ours. The alternative is the stifling sovereign state.

[2]Schumpeter, Joseph, *Capitalism, Socialism and Democracy* (New York: Harper and Row, 1950), p. xi.

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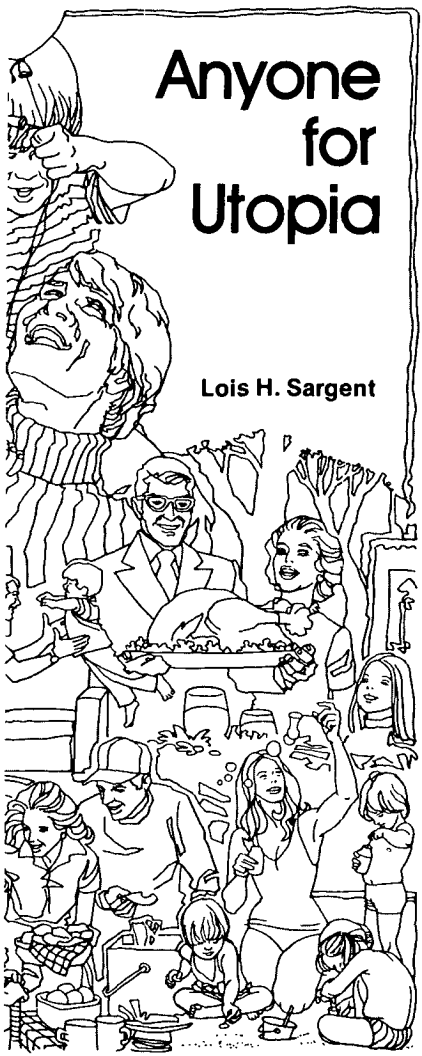

NUMEROUS WRITERS, pained by what they considered the faults of the social-economic life of their times devised what they believed was an ideal society: Utopia. Among them was Edward Bellamy, who presented his theories in a novel, *Looking Backward*, published in 1888. The book made quite a stir in literary circles and was praised enthusiastically by the Fabian Socialists of that day.

Today's readers would find the novel slow and prosaic. So for those who have never read it, herewith is a brief resume of the story. The hero, a Mr. West, falls into a sleep induced by hypnotism, in a subterranean room in the home he is building. The date is May 30, 1887. He wakes up in September, 2000 A.D., when the room, with the still sleeping occupant, is discovered by builders working in the area. (Mr. West's house was destroyed by fire shortly after he began his long nap.) He is revived by a doctor who has built a home on the site. The doctor, his wife and daughter accept Mr. West as a guest and proceed to show him the changes that have taken place since 1887. The differences between life in the two eras is compared in considerable detail, with "Utopia" always adjudged superior.

The reader might be impressed by

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the limpid prose until he compares Mr. Bellamy's ideas for the year 2000 with the realities of 1977. Then, anyone with a sense of humor will find the romantic fantasy more a farce than a prophecy to be taken seriously.

Since Mr. Bellamy was not a psychic, his imagination to some degree was limited. He could comment with confidence on the telegraph and railroad, known in 1887, and even mention electricity to be used as heating and lighting. This was a good guess. Thomas Edison had already created the light bulb, though it was not yet perfected for home use. Not until 1892 when Steinmetz developed alternating current was electricity made available as a public utility. Mr. Bellamy described artificial lighting, but did not connect it with electricity or explain its source. Casual reference was made to labor saving inventions, but these were not described.

So the author's picture of life in 2000 lacked most of the achievements of industry now taken for granted in 1977. There was no electric refrigeration, air conditioning, radio, television, moving pictures, phonographs, electrical household appliances. Nor were there calculators or computers which surely would have simplified the technical processes of conducting the intricate labor and production system of that imagined future. There was no hint of such practical items. Utopians seem never to give thought to the mechanics of management and operation of their imagined systems.

No Radios, Cars or Planes

The author did envision a transmission of music by telephone, but failed to conceive the radio which evolved from already known telegraphy. And, there were no motor cars or airplanes in Mr. Bellamy's Utopia.

There was one unique device that intrigued me. He told of a waterproof covering which let down high above the sidewalks when it rained, to protect pedestrians. Apparently it descended like a benediction from Heaven, for the author failed to describe the machanism that operated this feature. An observation that provoked a laugh was that there had been little change in fashions of dress and home furnishings during the century. The idea of pants suits for women probably would have horrified Mr. Bellamy.

If the author, no doubt proud of his vision for the year 2000, were to come alive today and see the amazing inventions and innovations of modern living, developed since his time, he surely would be flabbergasted, non-plussed, and utterly

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confounded. If shown movies of the flights to the Moon and men walking on that lunar orb, he probably would not believe it.

Now, we should remember that the discoveries and inventions which have produced material improvements and refinements of living in the United States since 1887 were made possible because people were free to explore, experiment, invent, produce, trade and transport. In other words, people were, and still are, blessed with free enterprise. Mr. Bellamy's world of 1887 had free enterprise, too. In fact, it was freer then than it is today. But he evidently was so obsessed by the urge to rectify the social inequalities of his day—and there were many—that he failed to see how that same free enterprise could correct those ills, as it has a great many of them. Unfortunately, our modern Utopians are just as blind. Discords and imbalances of social and economic life still confront us, true, but this is natural. Human beings will always find something that needs correction and improvement.

Pure Statism

Edward Bellamy envisioned what he thought would be a perfect society. But, stripped of its glowing sentimentality, his Utopia is revealed as pure Statism. It is even more regulated than Russian Socialism. There is no private enterprise or private ownership. The state owns, controls, manages, and regulates everything: resources, production, distribution, education, and anything else you might name. The state supplies everything from cradle to grave. Labor is described as an industrial army. Workers are conscripted as in the military, though there is no military in Utopia. Everyone starts at the bottom and works up according to his or her efforts and abilities. There is no competition for jobs or higher positions. The same income is paid to everyone. There are no banks or money. All business transactions, buying and paying of wages and obligations is conducted by a credit card system. Unusual achievements of authors, artists, engineers, inventors and physicians are rewarded with a pretty red ribbon, and the recipients are expected to be enraptured by the glory of it.

There are other compartments in this Utopian picture, but this is enough, I think, to show how preposterous Utopia could be.

Would He Have Liked It?

Mr. Bellamy was serious about all this. He wrote, in a postscript, that "*Looking Backward,* although in form a fanciful romance, is intended . . . as a forecast . . . of the next stage in the industrial and social development of humanity." But I

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wonder why he thought it so desirable. Would he have wanted to live in it himself? Would he have been satisfied with a pretty red ribbon for the writing of his book? (I assume he received royalties or some remuneration.) I've asked the same question of other Utopian dreamers: Would you really enjoy living in the world you create in your imagination and wish to thrust on everyone?

Mr. Bellamy, like all socialists, failed to take into consideration human nature, which thrives on change and challenge. It is freedom that provides the incentive to human endeavor and progress. The achievements of the United States under capitalism have proved that. Most people would be bored by an eternal status quo, no matter how charming, peaceful and secure. (The provider states of Russia and Sweden have their dissidents.) Utopia, the ideal society, defined in my dictionary as "an impracticable scheme of social regeneration," would never be endured for long. Some restless and disgruntled individualist would find something wrong with it, and, attracting to himself others of like mind, would promote a rebellion.

IDEAS ON LIBERTY

The Great Trust

THE INDUSTRY AND COMMERCE of the country, ceasing to be conducted by a set of irresponsible corporations and syndicates of private persons at their caprice and for their profit, were intrusted to a single syndicate representing the people, to be conducted in the common interest for the common profit. The nation, that is to say, organized as the one great business corporation in which all other corporations were absorbed; it became the one capitalist in place of all other capitalists, the sole employer, the final monopoly in which all previous and lesser monopolies were swallowed up, a monopoly in the profits and economies of which all citizens shared. The epoch of trusts had ended in The Great Trust.

EDWARD BELLAMY, *Looking Backward*

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INFLATION versus EMPLOYMENT

Henry Hazlitt

FOR MANY YEARS it has been popularly assumed that inflation increases employment. This belief has rested both on naive and on more sophisticated grounds.

The naive belief goes like this: When more money is printed, people have more "purchasing power"; they buy more goods, and employers take on more workers to make more goods.

The more sophisticated view was expounded by Irving Fisher in 1926:

"When the dollar is losing value, or in other words when the price level is rising, a businessman finds his receipts rising as fast, on the average, as this general rise of prices, but not his expenses, because his expenses consist, to a large extent, of things which are contractually fixed .... Employment is then stimulated—for a time at least."[1]

This view contained a kernel of truth. But 32 years later, in 1958, the British economist A.W. Phillips published an article[2] which seemed to show that over the preceding century, when money-wage-rates rose, employment rose, and vice versa.

This, too, seemed a plausible relationship. Given a period for the most part noninflationary, but in which capital investment and invention were raising the unit-productivity of labor, profit margins on employment would be rising, in some years much more than in others; and in these years

Henry Hazlitt, noted economist, author, editor, reviewer and columnist, is well known to readers of the *New York Times*, *Newsweek*, *The Freeman*, *Barron's*, *Human Events* and many others. Best known of his books are *Economics in One Lesson*, *The Failure of the "New Economics,"* *The Foundations of Morality*, and *What You Should Know About Inflation*.

[1] "A Statistical Relation between Unemployment and Price Changes." *International Labor Review*, June 1926, pp. 785-792. Milton Friedman has recently called attention to the article.

[2] "The Relation between Unemployment and the Rate of Change of Money Wage Rates in the United Kingdom, 1861-1957," *Economica*, November, 1958, pp. 283-299.

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the demand for labor would increase, and employers would bid up wage rates. The increased demand for labor would lead both to higher wages and to increased employment. Phillips may have seen what he thought he saw.

But Keynesian economists, struck by the Phillips thesis, and seeing in it a confirmation of their previous belief, carried it much further. They began to construct Phillips Curves of their own, based not on a comparison of wage rates and employment, but of general prices and employment. And they announced they had found there is a Trade-Off between unemployment and prices. Price stability and reasonably full employment, they asserted, just cannot exist at the same time. The more we get of the one the less we can have of the other. We must make a choice. If we choose a low level of inflation, or none at all, we have to reconcile ourselves to a high level of unemployment. If we choose a low level of unemployment, we must reconcile ourselves to a high rate of inflation.

This alleged dilemma has served as a rationalization for continued inflation in many countries when every other excuse has run out.

The Phillips Curve is a myth, and in the last few years it has been increasingly recognized as a myth. Here is a table comparing the per cent changes in the Consumer Price Index, for the 28 years from 1948 to 1975 inclusive, with the per cent rate of unemployment in the same years.

Year	Per cent Change CPI	Per cent Unemployment
1948	7.8	3.8
1949	-1.0	5.9
1950	1.0	5.3
1951	7.9	3.3
1952	2.2	3.0
1953	.8	2.9
1954	.5	5.5
1955	- .4	4.4
1956	1.5	4.1
1957	3.6	4.3
1958	2.7	6.8
1959	.8	5.5
1960	1.6	5.5
1961	1.0	6.7
1962	1.1	5.5
1963	1.2	5.7
1964	1.3	5.2
1965	1.7	4.5
1966	2.9	3.8
1967	2.9	3.8
1968	4.2	3.6
1969	5.4	3.5
1970	5.9	4.9
1971	4.3	5.9
1972	3.3	5.6
1973	6.2	4.9
1974	11.0	5.6
1975	9.1	8.5

Source: Economic Report of the President, January, 1976; pp. 224 and 199.

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I leave it to the Phillipists to make what they can of this table. The average annual price rise in the 28 years was 3.2 per cent, and the average unemployment rate 4.9 per cent. If the alleged Phillips relationship held dependably, then in any year in which the price rise (or "inflation" rate) went above 3.2 per cent, the unemployment rate would fall below 4.9 per cent. Conversely, in any year in which the "inflation" rate fell below 3.2 per cent, the unemployment rate would rise above 4.9 per cent. This relationship would hold for all of the 28 years. If, on the other hand, the Phillips Curve were inoperative or nonexistent, the probabilities are that the relationship would hold only about half the time. This is exactly what we find. The Phillips relation occurred in 15 of the 28 years but was falsified in the other 13.

Alternative Views

More detailed analysis of the table hardly helps. An economist who saw what happened only in the years 1948 through 1964 might have been excused for being impressed by the Phillips Curve, for its posited relationship held in 13 of those 17 years. But an economist who saw only what happened in the last 11 of those 28 years—from 1965 through 1975—might have been equally excused for suspecting that the real relationship was the exact opposite of what the Phillips Curve assumed, for in that period it was borne out in only two years and falsified in nine. And even the economist who seriously studied only what happened in the 1948-1964 period would have noted some strange anomalies. In 1951, when the CPI rose 7.9 per cent, unemployment was 3.3 per cent; in 1952, when prices rose only 2.2 per cent, unemployment *fell* to 3.0; and in 1953, when prices rose only 8/10 of 1 per cent, unemployment fell further to 2.9—the lowest for any year on the table.

Phillips statisticians can play with these figures in various ways, to see whether they can extract any more convincing correlation. They can try, for example, to find whether the Phillips relationship held any better if the CPI rise is measured from December to December, or if the calculations are remade to allow for a lag of three months, or six months, or a year, between the "inflation" rate and the unemployment rate. But I do not think they will have any better luck. If the reader will make the count allowing for one year's lag between the price rise and the unemployment figure, for example, he will find the Phillips Curve contention borne out in only 10 and contradicted in the other 18 years.

(I have referred to the rate of the consumer-price rise as the "infla-

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tion" rate because that is unfortunately the way the term is applied by the majority of journalists and even economists. Strictly, the term "inflation" should refer only to an increase in the stock of money. A rise of prices is a usual consequence of that increase, though the price rise may be lower or higher than the money increase. Insistence on the distinction between these two terms is not merely pedantic. When the chief consequence of an inflation is itself called the inflation, the real relation of cause and effect is obscured or reversed.)

A clearer picture of the relationship (or nonrelationship) of price rises and unemployment emerges if we take only the last 15 years of the 28 and make our comparisons for the average of five-year periods:

	CPI rise rate (per year)	Unemployment rate (per year)
1961-1965	1.3%	5.5%
1966-1970	4.3%	3.9%
1971-1975	6.8%	6.1%

This table was suggested by one which appeared in Milton Friedman's column in *Newsweek* of December 6, 1976. There are one or two minor changes.

In sum, the highest rate of "inflation" was accompanied by the highest rate of unemployment.

The experience in other nations has been even more striking. In August 1975 The Conference Board published a study comparing the percentages of the work forces *employed* with consumer price indices in seven industrial nations over the preceding fifteen years. By this measurement, in the United States, Canada, and Sweden, the relationship did not noticeably belie the Phillips Curve. (In our 28-year U.S. table, however, we saw that when the price-increase figure shot up in 1974 to 11 per cent from a rate of 6.2 per cent in 1973, unemployment also rose. If we look at 1975—not shown in the Conference Board study—we find that unemployment soared to 8.5 per cent though there was a similar high price rise—9.1 per cent—in 1975. Similarly, if we take what happened in 1975 in Canada, we find that though consumer prices rose in that year by the unusually high rate of 10.7 per cent, the index of manufacturing employment in Canada *fell* from 108.9 in 1974 to 102.8 in 1975.)

In the four other countries in the Conference Board study, the relationship of employment and inflation was emphatically the opposite of that assumed by the Phillips Curve. The steady price rise in Germany from 1967 to 1973 was accompanied by an equally steady fall in employment. In Japan a rise of 19 per cent in consumer prices in 1973 and of 21 per cent in 1974 was accompanied by a fall in employ-

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ment. In Italy, though consumer prices began to soar in 1968, reaching a 25 per cent annual rate in 1974, employment declined during the period. In some ways the record of Great Britain, where the Phillips Curve was invented, was the worst of all. Though consumer prices soared 18 per cent in 1974 from a rate of 4 per cent a decade earlier, employment turned downward. Not shown in the Conference Board compilation was the record of 1975 itself, when the British CPI soared 24 per cent—and employment fell further.

But informed economists, with memories, did not need to wait for the experience of the seventies to distrust the relationship posited by the Phillips Curve. In the last and worst months of the great German hyperinflation of 1920-1923, unemployment in the trade unions, which had been 6.3 per cent in August, 1923, soared to 9.9 per cent in September, 19.1 per cent in October, 23.4 per cent in November, and 28.2 per cent in December.

A Nest of Fallacies

There is a whole nest of fallacies wrapped in the Phillips Curve, and one of them is the implication that the absence of inflation is the sole or at least the chief cause of unemployment. There can be scores of causes for unemployment. One is tempted to say that there can be as many distinguishable causes for unemployment as there are unemployed. But even if we look only at the unemployment brought about by governmental policies, we can find at least a dozen different types of measures that achieve this—minimum-wage laws, laws granting special privileges and immunities to labor unions and imposing special compulsions on employers to make concessions (in the U.S., the Norris-LaGuardia Act, Wagner-Taft-Hartley Act, and so forth), unemployment insurance, direct relief, Social Security payments, food stamps, and so on. Whenever unions are given the power to enforce their demands by strike threats and intimidation or by compulsory "collective bargaining" legally imposed on employers, the unions almost invariably extort above-market wage rates that bring about unemployment. Unemployment insurance becomes increasingly generous year by year, and is today paid in some States for as long as 65 weeks. A study prepared for the U.S. Department of Labor in February 1975 finally conceded that "the more liberal the unemployment insurance benefits, the higher the unemployment rate will be."

As long ago as 1934, when the New Deal was being enacted, the economist Benjamin M. Anderson remarked to me in conversation:

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"We can have just as much unemployment as we want to pay for." The government is today buying a huge amount of it. Yet when the monthly unemployment figures are published, the overwhelming majority of commentators and politicians forget all about this, and attribute the high unemployment figure to insufficient Federal spending, insufficient deficits, insufficient inflation.

Another thing wrong with the Phillips Curve is the blind trust its compilers place in the official unemployment statistics. I am not speaking here merely about the amount of guesswork and sampling errors embodied in such statistics, but about the vagueness in the very concept of "full employment." Full employment never means that "everybody has a job" but merely that everybody in the "labor force" has a job. And an immense amount of guesswork goes into estimating the "labor force." Out of a total population estimated in 1975 at 213,631,000, only 92,613,000—or some 43 per cent—were estimated as being in the "civilian labor force." These were part of the "noninstitutional" population 16 years of age and over, with certain deductions. As only 84,783,000 persons were estimated as being employed in 1975, this left an average of 7,830,000 "unemployed."

Imprecise Measures

But none of these figures involved exact counts. They were all estimates—subject to various degrees of error. In any case the "unemployed" can never be exactly counted because of the subjective element. As the economist A.C. Pigou put it some forty years ago: "A man is only unemployed when he is *both* not employed and *also* desires to be employed."

It is this second requirement that we can never measure. The U.S. Department of Labor Statistics counts a man as unemployed if he is out of a job and "looking for work." But it is very difficult to determine whether a man is actually looking for a job or how much effort he is making. And when men and women are being paid enough unemployment insurance or relief or food stamps to feel no great urgency to take a job, the raw government statistics can give a very misleading impression of the hardships of all "unemployment."

"Full employment," as bureaucratically defined, is a completely unrealistic goal. It has never been realized in the official figures. Even if there were no governmental policies that created unemployment, it is hardly possible to imagine a situation in which, on the very day any person was laid off, he found a new job with wages and other conditions to his liking. Peo-

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ple who give up jobs, and even those who are dropped from them, commonly give themselves an intentional vacation. There is always a certain amount of "frictional," "normal," or "natural" unemployment—averaging in this country, as officially measured, about 5 per cent—and government interventions that try persistently to force the figure below this average tend to create inflation and other distortions much worse than the alleged evil they are trying to cure.

To set up "full employment at whatever cost" as the sole or even chief economic goal, results in a distortion and perversion of all values.[3]

The Impact of Inflation

When we put aside all questions of exact quantitative determination and alleged Phillips curves, it is nonetheless clear that inflation does affect employment in numerous ways. It is true that, at its beginning, inflation can tend to create more employment, for the reason that Irving Fisher gave long ago: It tends to increase sales and selling prices faster than it increases costs. But this effect is only temporary, and occurs only to the extent that the inflation is unexpected. For in a short time costs catch up with retail selling prices. To prevent this the inflation must be continued. But as soon as people *expect* the inflation to be continued, they all make compensating adjustments and demands. Unions ask for higher wage rates and "escalating" clauses, lenders demand higher interest rates, including "price premiums," and so on. To keep stimulating employment, it is not enough for the government to continue inflating at the old rate, however high; it must accelerate the inflation. But as soon as people *expect even the acceleration,* this too becomes futile for providing more employment.

Meanwhile, even if the inflation is relatively mild and proceeds at a fairly even rate, it begins to create distortions in the economy. It is amazing how systematically this is overlooked. For most journalists and even most economists make the tacit assumption that an inflation increases prices *uniformly*—that if the wholesale or consumers price index has gone up about 10 per cent in the last year, *all* prices have gone up about 10 per cent. This assumption is seldom made consciously and *explicitly*; if it were it would be more often detected and refuted.

The assumption is never correct. For (even apart from the wide differences in the elasticity of demand

[3]The present writer has discussed this question more fully in Ch. XXVI: " 'Full Employment' as the Goal," *The Failure of the "New Economics,"* 1959.

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for different commodities) the new money that the government prints and pays out in an inflation does not go proportionately or simultaneously to everybody. It goes, say, to government contractors and their employees, and these first receivers spend it on the particular goods and services they want. The producers of these goods, and their employees, in turn spend the money for still other goods and services. And so on. The first groups spend the money when prices have still gone up least; the final groups when prices have gone up most. In addition, the growing realization that inflation will continue, itself changes the direction of demand—away from thrift and toward luxury spending, for example.

Misallocation and Waste of Scarce Resources

Thus, while inflation is going on it always brings about a misdirection of production and employment. It leads to a condition of temporary demand for various products, a malproduction and a malemployment, a misallocation of resources, that neither can nor should be continued once the inflation is brought to a halt. Thus, at the end of every inflation there is certain to be what is called a "stabilization crisis."

But even the distorted and misdirected employment cannot be indefinitely maintained by continuing or accelerating the inflation. For the inflation, as it goes on, more and more distorts *relative* prices and *relative* wages, and destroys workable relations between particular prices and particular wage rates. While some producers confront swollen and unmeetable demand, others are being driven out of business by wages and other costs rising far faster than their own selling prices. And as inflation accelerates it becomes impossible for individual producers to make any dependable estimate of the wage rates and other costs they will have to meet in the next few months, or their own future selling prices, or the margin between the two. The result is not only increasing malemployment but increasing *un*employment. This was tragically illustrated, for example, in the last months of the German hyperinflation.

Nor can the government mitigate the situation by any such further intervention as "indexing." If it tries to insure, for example, that all workers are paid the average increase that has occurred in wages or prices, it will not only increase wages over the previous average but put out of business even sooner the producers who have not been able, because of lack of demand, to raise their selling prices as much as the average. Every attempt to cor-

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rect previous distortions and inequities by government ukase will only create worse distortions and inequities. There is no cure but to halt the inflation. This is itself an operation not without its cost; but that cost is infinitely less than that of continuing the inflation—or even of trying to slow it down "gradually."

In sum, an inflation can increase employment only temporarily, only to the extent that it is unexpected, and only when it is comparatively mild and in its early stages. Its long-run effect is to misdirect employment and finally to destroy it. The belief that inflation increases employment is perhaps the most costly myth of the present age.

IDEAS ON LIBERTY

Capitalism and the Common Man

IT WOULD BE an exaggeration to contend that the tactics of the unions are the sole threat to monetary stability and to a reasonable economic policy. Organized wage earners are not the only pressure group whose claims menace today the stability of our monetary system. But they are the most powerful and most influential of these groups and the primary responsibility rests with them.

Capitalism has improved the standard of living of the wage earners to an unprecedented extent. The average American family enjoys today amenities of which, only a hundred years ago, not even the richest nabobs dreamed. All this well-being is conditioned by the increase in savings and capital accumulated; without these funds that enable business to make practical use of scientific and technological progress the American worker would not produce more and better things per hour of work than the Asiatic coolies, would not earn more, and would, like them, wretchedly live on the verge of starvation. All measures which—like our income and corporation tax system—aim at preventing further capital accumulation or even at capital decumulation are therefore virtually antilabor and antisocial.

LUDWIG von MISES, "Wages, Unemployment, and Inflation"

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How Profits Reduce the Cost of Living

Brian Summers

ACCORDING to popular opinion, profits raise the cost of living. Yet there have been times—particularly in the period before World War I—when many businesses earned high profits while the cost of living was falling. Before the last businessman is hanged in effigy, let us give the matter some thought.

Prices, of course, are determined by supply and demand. If the supply of a product is high and/or the demand is low, the price will be low. If the supply is low and/or the demand is high, the price will be high.

Profits (and losses) are the difference between selling prices and costs of production. Because a merchant usually can do little to alter supply and demand—and hence influence selling prices—efficient production is the main source of profits.

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Profits can affect prices only by affecting the two factors that determine prices: supply and demand. Let us consider each in turn.

Demand is determined by consumer preferences and the amount of money consumers have to spend. Business profits have little effect on either of these factors, but the total amount of money people have—the nation's money supply—is controlled by the Federal government. For several decades it has been Federal policy to run up deficits and make up the difference by increasing the quantity of money. This has effectively increased consumer demand and raised the cost of living.

Supply is determined by manufacturers' willingness and ability to produce. Businessmen are willing to produce when they have the opportunity to earn profits. They are able to produce when the opportunity to earn profits attracts investment from outside sources and/or when profits are available from reinvestment.

Thus, in the long run, profits stimulate increased supplies and tend to reduce the cost of living. But, in recent decades, this tendency has been overridden by the federal government's deficit spending. We will not see a decreasing cost of living until the federal government balances its budget and removes the shackles it has placed on production.

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The Future of Capitalism:

Manifest Destiny on the New Frontier

Daniel Carl Peterson

As we enter the third century of *The Wealth of Nations,* it is Adam Smith's most famous doctrine—that of the "invisible hand"—which has fallen most deeply into disrepute. There are, today, many thousands of very visible hands which reach out to steady the economic ark, hands of men who cannot see the preternatural power which Smith believed he saw conducting individual self-interest to the tune of the general welfare.

We can perhaps agree with Henry Hazlitt's observation that such scepticism derives, to a great degree, from the tendency to permit apparent local discords to obscure the overall harmony of the marketplace. Whether or not this be the case, however, the public's faith in capitalism can hardly be said to be in vibrant health.

The fact is that the destiny of the free market will be determined to a large extent by commonly-held notions of its past. Were this a prescriptive essay, we might ordain that this be otherwise—but the

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In addition to a scholarship award of $1000, the essay winner was invited to attend as a guest the 1976 meeting of the Mont Pelerin Society in St. Andrews, Scotland. Daniel Carl Peterson is a senior, majoring in classical languages, at Brigham Young University, Provo, Utah.

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popular mind is stocked nevertheless with images of an economic system which booms irresponsibly and busts disastrously, which enslaves children, humiliates minorities, allows a greedy few to live in sybaritic ease, and, while befouling the air and water, assaults the landscape. A best-selling book—recently proclaimed his "economic bible" by the New Politics governor of California—bears the subtitle, "Economics as if People Mattered." The invisible hand is conceded to be a generally useful beast—cries for nationalization are rather rare in the United States—but it is an often dangerous one, and given to petty meannesses. It must therefore be restrained, so it is thought, and, of necessity, restrained by the only institution powerful enough to bring it to heel—the state.

Public Opinion

The mind-set of the general populace is a fact which we must not forget in attempting to forecast the future of free enterprise. In a democratic society such as that of the United States, the progress which the economy has made toward statist bureaucracy could not have come without the substantial approval of a majority of the voters. Such dissatisfaction as exists—and it is not inconsiderable in this election year—is aroused less by the extent of state authority than by the phenomena of its exercise. It is widely assumed that, if only the "right people" could be elected and certain bureaucratic inefficiencies eliminated, we would again be on the right track. Few would propose return to the days of dog-eat-dog competition, under which people were, we are told, dying on the streets. Even those who seem opposed in principle to so-called "creeping socialism" frequently make revealing exceptions in their own cases. Each faction of society sees itself as somehow uniquely deserving: Agriculture needs farm price supports, various manufactures require protective tariffs, and the professions beg licensure so that doctors, lawyers, barbers, and sanitary engineers will not be demeaned by quackery on the fringes of their practice. When our own personal hopes and human sympathies run into the uncompromising austerity of classical economics, the invisible hand often seems cold indeed.

Since modern defenders of an approximately *laissez faire* economy have, for whatever reasons, failed to convince the public that the market offers a more certain, if admittedly less meteoric, means of fulfilling the imperatives of our newly sensitized social ethic, we can expect current trends toward increased state regulation to con-

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tinue. Perhaps it will be valuable, therefore, to isolate some of the characteristics of government action.

First, we must admit the validity of Mao's rather starkly expressed dictum that political power flows from the barrel of a gun. A government without power to coerce is without effective authority, as this nation learned well under the Articles of Confederation. It follows, then, that every extension of state power involves *ipso facto* an extension of the power to coerce.

Moreover, the exercise of government power is relatively inflexible, in the sense that it allows for a comparatively small number of alternatives, thus requiring substantial uniformity. By contrast, the "consumer plebiscite" of the market—to use Ludwig von Mises' phrase—allows wide variations of choice.

The Struggle for Control

From these two characteristics emerges a source of great concern: Various groups will continue to attempt control of the government in order to implement their social philosophies or to benefit their friends. Such is the nature of democratic—and indeed, all other—politics. So long as the domain of state action remains limited, so too will possible abuses, and the loyalty of those groups out of power will be little strained. But when the scope of government authority is widened to include the jobs and the property of the opposition, the threat increases that the fragile tree of society will splinter. For as Milton Friedman has argued, every added area of control over the economy increases the risk of potential dominance—by those who regulate the nation's livelihood—over both the economic and the non-economic prerogatives of the oposition. Each accretion of state power multiplies the temptations for rulers to overstep their bounds and, thus, magnifies the danger that the ruled will rebel rather than allow themselves to be led by the jugular vein.

What is more, discretionary government, with its propensity to deal in terms of blocs and ethnic groups and labor-versus-management, actually creates and promotes factions, reinforces them where they already exist, and teaches them to see in the state a vast reservoir of coercive power with which to impose their visions on society. We are reaping the harvest in violence, terrorism, and a general pull toward the left.

A World-Wide Situation

It may seem that we have been speaking solely about the United States and its associates among the western nations. But similar principles can be verified on the interna-

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tional level. Where political considerations have not had a negative effect on world prosperity, they have generally been irrelevant to it. Many of the issues shadowing international peace today, issues such as hunger and technological backwardness, are really problems of production inefficiency and poor economic organization, and should not have been regarded politically in the first place. To do so is to open the door to violent blackmail as a means of "solving" such problems, since, as we recall, inflexibility and potential force are characteristic of political action. Ultimatums are out of their element in the marketplace; an atmosphere of free trade would, by de-ideologizing these issues, defuse them as well.

But we would not need to ask the nations of the "Third World" to sacrifice their economic interests in the cause of world peace; as we shall note later, it is highly probable that the economic output of these nations, which is to say their real wealth, would be increased by a debureaucratization of their productive processes. The most effective rebuttal to Karl Marx, John Davenport has remarked, is Henry Ford.

Yet there is little immediate likelihood that the free market will find an enthusiastic response in the developing nations, for which fact the West is at least partially to blame. Our foreign aid policy, which deals with rising nations on a state-to-state basis, reinforces their tendency toward reliance on statist economic policies. That these nations then regularly bite the visible hand that feeds them has probably little hurt their economic development. What has impaired their capacity has been their disregard for free trade and property rights, which disregard discourages investment of foreign capital, and their similarly irresponsible fiscal policies which, more often than not, devour their limited domestic capital through rampant inflation.

Bureaucratic Inefficiency

In this context, we might recall the recent controversy about international industrial bribery. Friedrich A. Hayek has demonstrated that corrupt men are drawn to concentrations of government power, so that—though the vast majority of civil servants are presumably honest—the very nature of bureaucracy militates against the pious dream of an incorruptible public administration. In fact, we venture the prophecy that instances of bribery will keep pace with burgeoning regulation. If no favors were available from the state, no businessman would seek them.

Nonetheless, far more harmful than graft in its effect upon the public weal is the widely-trumpeted

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inefficiency of the bureaucracy. It is commonly hoped that bureaucratic overhead will eventually be trimmed—but the writings of Martin Anderson, Edward Banfield, Ludwig von Mises, and others paint the outlook for such improvement as rather bleak. Because the performance of most government bureaus does not lend itself easily to precise measurement, it is difficult for department heads to maintain cost-effective oversight of their ever-growing charges. And because the logic of bureaucratism tends always to greater centralization, the sheer size of the problems to be solved will overwhelm the bureaucrats, no one of whom can hope to master even a minute proportion of the data involved. Thus, capital resources will be taxed and squandered.

There is, of course, an irreducible bureaucracy essential to a civilized polity. But governments do not create wealth, and, as the bureaucratic sector grows relative to the sector of profit management, the percentage of society's capital which it absorbs will become larger. What is more, as this growth continues, and the price mechanism is distorted, or even—in areas of more purely bureaucratic management—disregarded, state inefficiency will actually tend to increase, since the market price is in fact the guide of economic planning.

Visible hands are self-generating. After one intervention has deflected market forces and distorted the indicators, fingers will be pointed to this dysfunction as a manifestation of capitalistic inadequacy, and cries will be heard for a second incursion to cure the effects of the first—though this will naturally not be recognized. The Federal Reserve System gave us the Great Depression and the New Deal. Government-fed inflation, at least once, yielded wage and price controls. Earlier this year, the state of California raised the minimum wage, and demand began to rise immediately for a state jobs-program to alleviate high unemployment among the young. Truly, the left hand knows not what the right hand doeth.

No Middle Way

Thus, we are on an upwards-tending spiral toward more government control of our economic affairs. But this was predictable, for mixed economies are, as often noted, inherently unstable. Once a government obligation to egalitarianism is proclaimed, and the necessary laws enacted, there is no fixed limit to the amount of personal wealth that can be expropriated. And once state responsibility for a "fair" wage-price structure and for "full employment" is assumed, the floodgates are gaping wide. Attempts to recon-

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cile *laissez faire* economics and socialism are bound to be uneasy. Indeed, Professor von Mises has argued that a middle ground simply does not exist.

By both theoretical analysis and documentation of thousands of planned-economy failures, neo-classical economists have shown the counterproductivity of welfare economics. They have called for release of the invisible hand as the most accurate guide to the efficient use of capital. They have noted that capitalism itself has contributed more than any other system to the prosperity of the common man.

And yet, while the case for the market has never been stronger, there is no doubt that the old nostrums of interventionist economics are on the rise again. They are incarnate in a proliferation of socialist governments. In the countries of the West, the visible hand is active once more in the construction of a neo-fascist controlled economy which rocks its subjects to sleep with its acknowledgment of private property rights, but increasingly circumscribes these rights with volumes of regulatory law.

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IDEAS ON LIBERTY

To Maximize Liberty

IT IS INCORRECT to think of liberty as synonymous with unrestrained action. Liberty does not and cannot include any action, regardless of sponsorship, which lessens the liberty of a single human being. To argue contrarily is to claim that liberty can be composed of liberty negations, patently absurd. Unrestraint carried to the point of impairing the liberty of others is the exercise of license, not liberty. To minimize the exercise of license is to maximize the area of liberty. Ideally, government would restrain license, not indulge in it; make it difficult, not easy; disgraceful, not popular. A government that does otherwise is licentious, not liberal.

LEONARD E. READ

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Joan Marie Leonard

Freedom IS Exchange

THERE ARE MANY SAYINGS to the effect that "bars do not a prison make." Even a prisoner is free to will his own actions, his degree of cooperativeness. His mind is free to be anywhere and do anything. A prisoner can certainly be freer than his jailers. And imprisonment has been known to so energize the spirit of independence that some of the most powerful pieces of freedom's literature have come from a battery of prison cells.

At times throughout history we find the freest people were inside prison walls while those on the outside were such slaves to political restrictions, authoritarian hand-me-downs, confined notions and ignorance they didn't even know they were enslaved.

Miss Leonard is a free-lance writer.

How is a prisoner not free? What is confined? His choices. And all choices are an exchange. Every minute of time you spend is a choice in which you give up some things to have others. A prisoner is denied choices—but society is also denied—losing his participation through his choices. The advancement of society depends on all exchanges of energy. So its laws should be limited to confining only those whose choices and energies are injurious or destructive of exchange—freedom—the free making of choices that concern peaceful people and their property.

In pre-American history, most imprisonment was the result directly or indirectly of political manipulation and ideological or intellectual variance with overriding powers. All authoritarians realize

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the only real threat to their power is enlightenment and discovery. The method of such enlightenment and discovery is exchange. In many political cases, prison didn't take away a person's freedom so much as it took freedom away from those who might catch it from him through his discoveries of truth. Power centers can't be held intact once it is known they are not centers of *real* power.

All exchanges throughout society are energy exchanges. It is energy and creativity that are imprisoned and confined when anyone is removed from society. The Dark Ages were dark because feudalism was a mass imprisonment in the State of Non-Happenings (non-exchange) through a very complete authoritarian control.

Knowledge Imprisoned

Ideas not put to use and exchanged have died in the political prisons and reprisals of history. When a Galileo is locked up for upholding that the earth revolves around the sun, in the minds of rulers demeaning *their* earth, *their* powers—who is victimized? Not Galileo alone as much as society itself. As a result, the world has stumbled around for ages, repeating mistakes, blundering along and having to *re*discover what others had known long before.

Legend tells us Columbus ran all over with his egg, trying to tell people the world was round, but Archimedes knew the shape the world was in over 1700 years before Columbus' time. And Thales knew about the earth's roundness 400 years before Archimedes. And Aristarchus was teaching that the earth revolved around the sun about 1800 years before Copernicus.

Lack of communication? Sure. But that *is* lack of freedom. It is not incidental that communication and the spread of knowledge has increased so dramatically in tandem with freedom in America. Freedom *is* communication. Freedom *is* exchange. Freedom is an open, shared movement. To be open, it must be shared. Freedom is the natural synchronization of interests into the movement we call simply—progress.

We think of indoor plumbing as a development of the last 100 years or so—an advance still unknown in many parts of the world. Actually, indoor plumbing was in use 3000 years ago. Without freedom, ideas and discoveries wither on the vine. With freedom, they are not only used but widespread, contagiously, economically, usefully and happily extended in the quickest possible way to everyone.

Before America, the penalty for discovery was, not infrequently, death. The energies of great minds

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were confined to producing pleasures for the politically powerful few. The magnificent mind of Leonardo was limited to novelties of amusement for royal gatherings, commissioned paintings and war gadgetry, such as his ideas on submarines, tanks, parachutes and other ingenious creations. But far more important than Leonardo's weaponry undoubtedly were the discoveries of his private pursuits, conducted by necessity in secrecy and lost to history. He had a world-opening mind but he lived in a closed society and we may never know the treasures lost to us because of it. Notice, it's his political (war) devices that we know about and which we refer to as putting him far "ahead of his time," but those are the inventions that rightfully belong to his age, not ours. It's we who are *behind* the times. Had we not abandoned our original ideas of political freedom, freedom *from* politics, war would have been outmoded by now. It is an uneconomic exchange.

Energies Multiplied

Knowledge . . . discoveries . . . ideas without freedom are like light imprisoned under a barrel. Confined to a few, they can't spread a further increase of discovery. With freedom, everyone shares in all discoveries and builds on them in geometric advancement. Since freedom is exchange, its benefits are always transferred and amplified.

Not everyone is a Leonardo, but everyone energizes society to a certain degree through his ability—and never to his complete capacity. *More* is the keystone of freedom. It is freedom that multiplies our energies with the energies of others through exchange and activates dormant capabilities by expanding our knowledge, awareness and experience in proliferating ways.

Freedom is an exchange of limitation for opportunity, confinement for expansion, poverty for prosperity and ignorance for knowledge. It is an exchange of political aggrandizement for personal enlargement. Freedom alone enables us to provide for the general welfare *through* the pursuit of personal happiness. And everything freedom is and does is the result of the expansion aspect of exchange.

Freedom begins with an exchange—you can't have it until you grant it. Your own liberty is measured by the extent you agree to grant it to others. Freedom exists to the degree exchange exists uninterrupted. It starts, proceeds and expands through exchange. All its blessings are derived from exchange.

One person who is free in a society that is not free is not experiencing freedom. He has the same freedom as any prisoner: lack of ex-

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change. A millionaire is limited by what he can buy in exchange for his dollars. A million dollars is no good in prison—nor in the prison of a regulated, artificial economy as was demonstrated in Germany in the 1920s when a million marks wouldn't buy a loaf of bread—and in France when the cancerous nature of inflation was exposed with the issuance of thousands of millions of new francs in the period of a month. (See *Fiat Money Inflation in France* by Andrew Dickson White.)

"Free" people living in separate isolation, supporting themselves, as in the hippies' idea of freedom, are imprisoned by their own abilities and limitations, their lack of exchange. If they lived thousands of years, they would continue to live under virtually continuous conditions of poverty as all communal, tribal people have—a condition still displayed today by primitives on every continent.

Progress Shared

The enlargement aspects of freedom are societal, shared. The benefit is expanded to the degree liberty is recognized and widespread. Freedom is extended by numbers. The more widespread, the greater the freedom and choice of every participant in exchange. That's why our borders should be free and open to *all* trade. Tariffs and duties are very real *barriers* barring us from efficient production on the basis that it was produced by "others." But there are no "others." Not under freedom. That's why freedom is the only democratic system. Everyone has a stake in it. It eliminates classes. Its blessings reach everyone.

Like a refreshing and nourishing rain, freedom's benediction falls on "the just and unjust" alike. It is a mistake to say freedom rewards the energetic and penalizes the lazy, unemployed or incapacitated. It accommodates *everyone* to their best advantage. It is a totally beneficent system of such increase it even elevates the improvident and makes them more capable of providing for themselves. It rewards the industrious but it's easy on the lazy. It penalizes folly but rewards with new opportunities even those who make mistakes. Its productive power allows shorter working hours for those who value other pleasurable pursuits. Shorter hours can only come about naturally from an extravagantly productive system—not the disruption, strikes, slowdowns, artificial wages and other obstructions to production demanded by those predators who would rob everyone of progress.

Everyone Benefits

Freedom is rewarding to both the skilled and unskilled, the artistic and mechanical, borrowers and

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lenders, geniuses and poorly educated, employers and employees—all because of the *variety* of opportunites and services allowed and demanded by *exchange*.

The free, competitive system is the only one in which quality improves with quantity. New products become increasingly better at lower cost through competition. Why do we have such increasing shoddiness in production today at higher and higher prices? It is a worsening condition resulting from more and more intervention in free exchange through union demands, phony money, welfare funds extracted from productivity, subsidies of the non-competitive—all government interventions.

Increasing Abundance

Numbers . . . population . . . volume is a drag on every economy except the free economy where it is a stimulation and energizer. It sets things in motion. Freedom is nothing but movement—through energy exchanges. It is life itself.

Ours is the only society in history that ever went around actually looking for people's needs in order to satisfy them. That's the only way companies can exist and succeed in a free system. Many people earn their livings just trying to find large numbers of people who need something . . . marketing research people looking for needs that can be satisfied through the capabilities of their companies.

Never before have such extraordinary values been created and distributed so democratically, so extensively, increasing the well-being of all society. Volume is both the source and objective of benefits we enjoy under freedom. Volume of exchange is the only way to derive myriad benefits—the only way to have many sources of benefits. And because it operates on need and through volume, our system is the only one not depleted by consumption but stimulated by it.

Scarcity and Availability have been the foes throughout history's wars. From the first migrant peoples who attacked agrarian settlers to get food, to the latest union demand, lobbyist pressure, business subsidy and welfare payment, economic history has consisted almost entirely of satisfying some by taking the property of others. With supply and demand always at odds—values existing in insufficient quantity (limited exchange)—war has been the way of life. Wars expropriate things of value to solve problems of scarcity. Freedom *creates* them.

Seeds of Harmony

The American system of free exchange substituted increasing abundance for the steady depletion of authoritarian economic systems.

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Every day of free exchange is a day of increasing peace, harmony, happiness and prosperity. Every day of depletion under authoritarianism is a day closer to the necessity and inevitability of war.

While an economy is often represented as a pie—divided and segmented into shares of who gets what—a free economy is more of a way to have your cake and eat it too. It is not a system of authoritarian apportionment and depletion such as every other country has known. It is a flow of increasing abundance as boundless as Creation . . . a cornucopia spreading its blessings over the entire world. Wealth, or production, is not sliced up and divided as in the controlled countries of history, but self-sustaining, self-expanding — an economy that replenishes itself and expands in more and more diverse ways. The more you take out of it or consume, the more it grows and produces because it grows like intelligence and as fast as need. In no other system can you produce so little and have such an extensive, multiplying whole to partake of. Any interference with it is a deprivation, a diminishing of its power to provide for the general welfare.

Naturally, it is impossible for people to become impoverished under such a system of continuous expansion and applied energy. It is equally impossible to avoid the spreading impoverishment that occurs when government intrudes on production with regulations—each control inhibiting the flow of our naturally productive market processes.

Energy Exchange

Freedom is a dynamic system because what is exchanged so freely is energy. Honest (unregulated) money simply represents the energy expended to earn it. When you spend money you spend energy—the payment for your energy provided in work. And what it buys is the result of energy expended by others. In these energy exchanges, both the needs of buyer and seller are fulfilled or there would be no exchange. Through the exchange, energy is renewed in multiple ways. The producer is stimulated to produce more, drawing on the energies of others in the market. The consumer, having satisfied his desire for something, is on his way to gratifying more desires, gladly expending energy to exchange for still more ways to serve his needs.

But where freedom is limited, energy is not exchanged. Money that is tampered with is energy drained to the degree it is manipulated. Dollars unbacked by gold or other value do not represent either real money or real energy. Tax money used to pay welfare

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needs is energy siphoned from productive activity to pay for inactivity and an increased cost of living. The energy loss is multiplied by government interferences in the same way that benefits multiplied without it. As these energies diminish, choices disappear and opportunities for exchange become more limited. Energy loss through market interference inevitably leads to scarcity and high prices. The consumer becomes a prisoner of limitation. The worker is unemployed. It's all natural and inevitable. The energy has gone out of the system.

When unregulated by government, free market exchanges work like electricity for us, moving solutions toward problems and services toward needs in the same way electrons move toward protons. In the economy, as with electricity, balance or equality is a static state—neutralized and useless. We use heat in cathode tubes to set electrons free to flash pictures on our television screens and bring far-off voices into our homes. The unequalized condition caused by heat or magnets leads to the movement of electricity. In the market, movement is provided by the heat of competition—again, a condition that can exist only through *in*equality. Equalizing conditions of competition through statutory wage scales, prices, subsidies, supports, tariffs, welfare and the like, reduces the movement and leads to a static state. Freedom is the state of inequality that stimulates exchange and supplies all our needs as members of one societal body. Profit acts like a magnet drawing the market toward efficiency and inventiveness.

Every government intrusion assumes that the interests of some are unfavorable to the interests of others, thereby supposedly justifying one interference after another in attempts at some nebulous equalization. This is robbery justified on the grounds that it is universal . . . one act making up for another act. But what is robbed is energy and it is taken from us all.

Perfect Coordination

We are thus paying a high price to break up a conflict that never existed. There is no more discord among the segments of a free market than between the tarsal and metatarsal bones of your foot. They serve each other naturally in their unique functions. And injury (interference) here isn't just to your foot. It's the movement of the whole body that's thrown out of kilter. Even the "opposition" of competition is no different or more harmful than the opposition of thumb and fingers that provide the leverage that enables the hand to work.

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And the free market has a brain not unlike our own. As every nerve fiber sends messages to the brain, every transaction in the market sends messages of supply and demand through the social body telling producers what to produce and what they can charge, telling workers where the jobs are, telling investors where to invest—all making it possible for us to move ahead by fulfilling needs in the most efficient ways, putting all energy to use with as little waste as possible.

The social body is most alive, healthy and responsive with all its members functioning—every cell and fiber of its being in action and part of its dynamics. Regulatory interferences only immobilize, desensitize and cripple this gracefully coordinated movement. A manipulated, artificial currency, price and wage controls, subsidized imbalances are all lies fed into this marvelous computer destroying its equilibrium and capacity to function. Like any computer, it can only work well with honest information—untampered and direct from the market. If our bodies were made to function with the kind of informational system government planners contrive through their dictates, we would be putting shoes on our ears, eating candles and heating our homes with the warmth of snow.

It is through individuals that life capsulates bits of unique experience and ability—like computer bits—which are incorporated in the larger life of the social body. By being a part of this peaceful and harmoniously operating body, we share it all. And by doing "our bit" we find ourselves in ways only made possible by zillions of opportunities—each position in society being unique. In open, free exchange, there are as many choices of things to do as things to have—as many levels of doings as levels of ability. No one is left out. All enjoy the benefits of the whole. When exchange is limited, *there is no expanding whole*. There is an undeveloped minimum which dwindles through waste.

The Choice of *X*-Changes

Authoritarian plans are solidifed obstructions to change. Freedom is the fluid accommodation of all change—through exchange. And maybe we should spell that *X*-change, because X is for the unknown and freedom brings change in unexpected ways and in forms unimaginable by any one or group. When government confines change and choices to the whims of a few planners or for the benefit of certain groups as is the case in all political activity these days, progress diminishes, energy recedes and discovery is denied. A free society, on the other hand, allows,

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coaxes and harmonizes the expansion and development of our personal energies and liberties through exchange. When the number of freely acting individuals is reduced through group actions, united demands and legal enforcement, the movement of the social body becomes spastic, out of control and increasingly paralyzed. (See *To Free or Freeze* by Leonard E. Read.)

Public education is an example. Instead of thousands of outlets of educational services for parents to choose from, government regulates the market for learning and reduces it to one source. The result: instead of a variety of alternatives, lowering education costs, refinement in teaching techniques, individually tailored programs, improved services and the general expansion of knowledge, we have a disintegrating system, higher and higher costs, less and less service, more and more political intrusion (busing and the like), uniformly low standards, teacher strikes and collusion, classroom disruption, the general confinement of knowledge and deterioration of behavior.

The Bars Against Trade Imprison All of Us

We are, in fact, imprisoned by each control of the market . . . every one of which reduces our options and exchanges. When we are isolated from ideas and their extensions, we are effectively imprisoned.

Freedom exists where political effort is directed only at stopping *interference* with exchange. Freedom is lost with the first interruption of exchange, not the last. A "mixed" economy is an imprisoned economy since an act can't be destructive and creative at the same time any more than we can be free and at the same time slaves to the desires of others.

The question is not *whether* we are going to be Communist dominated, but *when we are going to stop*. The only difference between Russia and the United States today is that Russia is a tight-security prison while ours is still a medium-security prison. The difference is negligible.

Freedom for Criminals

As the government intrudes on the economy in the creative sector, while neglecting crime in the destructive sector, peaceful and responsible people are rapidly being imprisoned by the predators of society. It is the law-abiding who are increasingly walled-in and watched by security guards—by necessity. We have to chain down our possessions. We are afraid to walk on our streets. We are putting bars on our windows and more locks on the doors to protect us from marauders. Is this freedom?

The government no longer preserves the peace. It has aban-

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doned the general welfare to provide for the special interests, making criminal activity our way of life both through legalized privileges and unrestrained criminality. Through its economic interference, it guards us against the benefits of freedom! Through its jurisdictional neglect, it leaves us prey to both controlled and uncontrolled predation.

We need to separate all freedom of exchange from governmental control, leaving all but socially destructive energy free for exchange in the market of progressive improvement. As it is, we have creative energy confined and destructive energy on the loose. Government barriers to exchange are rapidly confining us in a prison "from sea to shining sea."

Haven Bradford Gow

Let's Choose Socrates

THERE ARE NO lost causes, T.S. Eliot observed, because there are no gained causes. In other words, each rising generation must fight the good fight for venerable causes, for there are no permanent victories in this world.

T.S. Eliot spent much of his life championing such "lost" causes as "the idea of a Christian society," one permeated with the spirit of religion and the spirit of the gentleman; the recognition of "the permanent things"—those qualities of mind and character that distinguish the civilized man from the barbarian; the acknowledgment of the intimate connection between religion and literature; the recognition of what Unamuno termed "the tragic sense of life"—the awareness that human beings, tainted by the pernicious effects of original sin, shall never become as gods; and the idea of a genuinely liberal education.

By a "genuinely liberal education" Eliot meant the kind of education that cultivates our minds and characters, the kind that communicates ethical normality and transmits the accumulated wisdom

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of the past, the kind that helps a person develop the moral and intellectual refinement needed to distinguish between truth and error, right and wrong, the noble and the base.

To accomplish these aims, we must, according to Eliot, examine and reflect upon the accumulated wisdom of the past—in particular, the classical, Judaic and Christian patrimony—and the works of such men of humane letters as Virgil, Sophocles, Plato, Aristotle, Augustine, Aquinas, Dante and Shakespeare, whose works retain enduring value because they deal with the perennial problems of the human condition, and because they deal with man as he is and as he can and should be.

If, for example, one is seeking to discover the meaning of love, what modern books can compare with George Eliot's *Silas Marner* or William Shakespeare's *Romeo and Juliet* or I *Corinthians 13* of St. Paul? If one is interested in the nature of justice, what can compare with the writings of Plato and Aquinas on the subject? If one wants to understand better the intense demands and conflicts of the human spirit, are there many modern books that can compare with the works of Dante and Dostoyevsky?

To be sure, many modern "educators" disagree with T.S. Eliot's emphasis on the study of the moral and intellectual giants of our civilization, and in sharp contrast to the poet's view, urge that education should be "relevant," whatever "relevant education" means. When one glances through college catalogues nowadays, one comes to the warranted conclusion that "relevant education" means the introduction into the curriculum of such electives as "Methodology of Teaching Techniques," "Human Communications," "Group Dynamics," "Learning by Doing," and "How to Win Friends and Influence People," courses which, it is entirely plausible to assume, will not result in the cultivation of minds and characters.

One struggles vainly to discover why educators apparently believe that the quantity of such electives is even more important than the quality of courses already offered, such as English, American History, and Mathematics. One also finds it difficult to understand why proponents of "relevant education" apparently believe that the writings of Abbie Hoffman and Tom Hayden, for example, contain more wisdom than the works of Dante, Aquinas and Shakespeare.

Perhaps, though, we should not be too surprised by what has been happening in our institutions of

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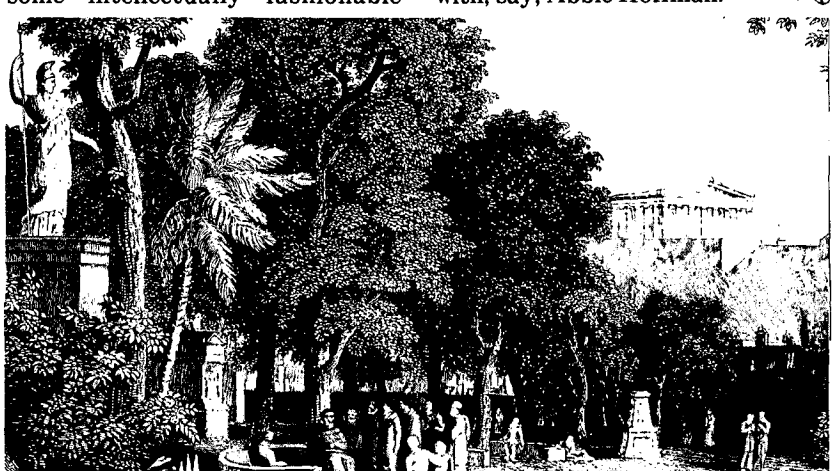
learning, where professors have neglected the cultivation of right reason and the ethical basis of education, and thus have lost the power to arouse the moral imagination and a decent respect for the accumulated wisdom of the past and the traditions of civility. Many modern educators, it seems, have lost sight of what should be the aim of education—that is, the cultivation of wisdom and virtue; and since this is so, it is natural that many schools have given in to the spirit of the age and its demand for "relevance."

In this connection, one is reminded of one of British novelist Evelyn Waugh's most interesting characters, Scott-King, a classics professor. Returning to his school after a tour of modern post-war Europe, Scott-King encounters the headmaster, who asks him to teach some intellectually fashionable courses. The study of the classics, contends the headmaster, is no longer considered "relevant."

"I'm a 'Greats' man myself," the headmaster observes. "I deplore it as much as you do. But what can we do? Parents are not interested in producing the 'complete' man anymore. They want to qualify their boys for jobs in the modern world. You can hardly blame them can you?"

"Oh yes," Scott-King replies, "I can and do." For "it would be very wicked indeed to do anything to fit a boy for the modern world."

Unhappily, the Scott-Kings and T.S. Eliots of this world are fighting for a worthy but apparently lost cause. But no great cause is ever truly lost. And besides, if one must "lose," it is preferable that one "lose" with Socrates than "win" with, say, Abbie Hoffman.



The philosopher's garden at Athens

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World in the Grip of an Idea

Clarence B. Carson

3. Evolutionary Socialism

THE APPEAL of Marxism to intellectuals has been oft noted. A part of the reason for this is no particular mystery. Marxism holds out to the intellectual the hope of escape from one of his most persistent frustrations. An intellectual is, by definition, one who is devoted to ideas, their formulation and exposition. But ideas are only completed or fulfilled when they are put into practice. At least this is so for some ideas, particularly those having to do with social change. Therein, however, lies the source of frustration for modern intellectuals, as their tribe has become more numerous and their ideas become so plentiful: they are often denied any impact on society. Their ideas lie dormant; they fill the pages of books but do not go into practice.

Karl Marx projected a vision of a dramatic ending of this state of affairs. The history of ideas, to Marx, was really a history of ideologies. These ideologies arose as rationalizations of class positions. The ideas were necessarily disjoined

In this series, Dr. Carson examines the connection between ideology and the revolutions of our time and traces the impact on several major countries and the spread of the ideas and practices around the world.

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from reality as the thinkers were alienated from their own natures by class arrangements and conflicts. Come the revolution, he claimed, the alienation would end, and ideas would become actuality. With the destruction of classes, man's alienation from his nature would end, and he could experience reality directly, no longer needing to view it through the distorted lenses of ideas. "Philosophy turns into the world of reality," he said.[1] The frustration of the intellectual would presumably end, for he would no longer have a conception of a world different from the world he would be experiencing.

Unfortunately, or, fortunately, if one prefers, the end of ideology with the revolution entails, logically, an end to the function of the intellectual, as Thomas Molnar has pointed out in *The Decline of the Intellectual.* When everyone perceives reality clearly and directly, there is no need for a special corps of interpreters. When idea has become actuality, there is no occasion for the contentions of intellectuals. Many intellectuals in communist lands neglected to figure this out, and some of them did not live to regret it.

Man Needs a Purpose

There is a deeper reason for the appeal of Marxism to intellectuals; else, one suspects, it would never have gained the hold that it has had. It is that man needs an explanation of the world in which he lives. He wants to know where it came from and where it is going. Above all, he needs a purpose in life, a purpose which goes beyond himself but with which he can identify and find meaning. He needs, in a word, religion. But many intellectuals cut themselves loose from the traditional religions in the modern era. They either ignored religion or became agnostics or atheists, quite often of the most militant variety. Marxism supplied for them the place that religion has usually held for most men.

Marxism, as was earlier noted, is an anti-religious religion. It is an earthbound, materialistic, man centered, cataclysmic, prophetic, and dogmatic religion. Dialectical materialism is its revelation. History is its god. Marx is its prophet. Lenin is its incarnation. The revolution is its day of judgment. And communism is its paradise. Its claim to being scientific even satisfies the intellectual's desire to have a rational religion.

Of course, Marxism is not scientific; neither the economic analysis nor the historical prediction can pass muster as science. They are a compound of special pleading, wishful thinking, and carefully chosen abstractions. But it should not be supposed that the appeal of Marxism would be enhanced if it

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were a science. On the contrary, if it were a science, it would only be a dismal science. The appeal of Marxism lies in its paradoxes, its contradictions, in the very fact that to believe it requires an act of faith, as does any religion. The intellectual of the appropriate temperament finds in the Marxist religion hope for the hopeless, meaning in history, the promised resolution of all conflict, and the expectation of union, even communion, with all men.

The Religion of Socialism

Marxism is, then, the religion of socialism. Many, many intellectuals have been, and are, attracted to this anti-religious religion called communism. Indeed, most socialists identify in some ways with it. Perhaps, they see in it the church to which they would belong had they only undergone the necessary experience of conversion. Most likely, they see in it a common undertaking like their own, only one which uses methods and tactics which they cannot approve. In any case, many of those attracted by it have not become communists. They have, for whatever resons, turned to other varieties of socialism.

It might be more appropriate to say that they turned to the other *variety* of socialism, because for the purposes of this work all socialism is being classified as either revolutionary socialism or evolutionary socialism. It is tempting to deal with the other socialism as watered down Marxism. There is some substance to this view. Certainly, when any other approach to socialism is compared with the revolutionary approach it pales beside it. More, the man who gave currency to the phrase, "evolutionary socialism," Eduard Bernstein, is usually classified as a revisionist Marxist.

It is, however, a temptation which should be resisted. Marxism is not the root of socialism; it is only the most virulent branch. Even German Social Democracy, in which both Marx and Bernstein can best be understood, was greatly influenced by Marx's contemporary, Ferdinand Lassalle. The English Fabians were probably as much influenced by Henry George, say, as by Marx. Guild socialism in France had yet other origins. In the United States, there were native American socialists who gave to American socialism its own national flavor. Indeed, one of the distinctions between Marxism and evolutionary socialism is that the latter is almost invariably national socialism while the former claims to be, and in certain senses is, international.

Subtle Differences

It may be most helpful to think of both socialisms as belonging to the same family but being different

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species. Undoubtedly, they share common traits as do members of a biological family. But they are sufficiently different from one another to be thought of as different species. The basic idea from which they spring is the same, but the articulation of it is distinctly different. It is so different that the two do not merge without becoming the one or the other. To be more exact, an evolutionary socialist may approve a revolution somewhere or other, but he does not thereby become himself a revolutionist. In like manner, a revolutionary socialist may approve, even work to bring about, some government intervention, but remain, all the while, a convinced revolutionist. Those of us who are not socialists may find such distinctions difficult to grasp, but, hopefully, they will become clearer with some exposition.

One major difference between the two is in the matter of religion. Marxism—revolutionary socialism—is a religion of sorts. Evolutionary socialism is not. That is not to say that there are not articles of faith and things which one believes if he is a socialist. There are. It is rather that they are not religious in character. Nor should it be thought that socialist belief is less tenacious because it is not religious. My impression is that it may well be more so. The beliefs in evolutionary socialism are often acquired in the same manner as are customs, habits, and traditions. (All socialisms are anti-traditional, in the deepest sense, of course, but it is the method of evolutionary socialism to operate within the inherited framework even as it is being altered.) They have the staying power of traditions once they are acquired.

Gradualism, Democratism, and Statism

There are three main elements in evolutionary socialist tactics. All three distinguish them from Marxism in theory, and at least two of them are real differences. They are: *gradualism, democracy* or *democratism*, and *statism*.

Gradualism has several meanings and functions within evolutionary socialism. At the most obvious level, it defines a difference between it and communism. Socialism is to be arrived at gradually, step by step, rather than as a transformation wrought by revolution. Another aspect of it is contained in the Fabian doctrine of permeation. As Sidney Webb described it, the policy of permeation was one of inculcating

> socialist thought and socialist projects into the minds not merely of complete converts, but of those whom we found in disagreement with us—and we spared no pains in these propagandist efforts,

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not among political liberals or radicals only, but also among political conservatives; not only among trade unionists and co-operators, but also among employers and financiers . . . .[2]

Gradualism was closely tied in with the theories of geological and biological evolution which were gaining currency at the same time as these socialist ideas. Marx had declared that the condition of the proletariat would continue to deteriorate, or, more precisely, that more and more people would be reduced to the proletarian condition. More and more wealth would be concentrated in fewer and fewer hands. This would continue to the point at which it became intolerable. At this catastrophic point, the time would be ripe for revolution. The great change could only be effected by something like a revolutionary overthrow of the old system and the grasping of power by the proletariat. The theory of evolution was useful to Marx, too, for it could be used to support the idea that fundamental and basic changes could occur in human nature. But his revolutionary idea was tied to the notion of catastrophic rather than gradual change.

The gradualists, on the other hand, believed that conditions, particularly in advanced industrial countries, were already moving gradually toward a socialist conclusion. Bernstein put it this way:

In all advanced countries we see the privileges of the capitalist bourgeoisie yielding step by step to democratic organisations. Under the influence of this, and driven by the movement of the working classes which is daily becoming stronger, a social reaction has set in against the exploiting tendencies of capital, a counteraction which, although it still proceeds timidly and feebly, yet does exist, and is always drawing more departments of economic life under its influence. Factory legislation, the democratising of local government, and the extension of its area of work, the freeing of trade unions and systems of co-operative trading from legal restrictions, the consideration of standard conditions of labour in the work undertaken by public authorities—all these characterise this phase of the evolution.[3]

Fabian Gradualism

The Fabians were given to emphasizing that the change taking place was not simply a result of changes in political power. It was, they claimed, inherent in the industrial system. One of the Fabian *Essays* described the process this way:

The factory system, the machine industry, the world commerce, have abolished individualist production; and the completion of the co-operative form towards which the transition stage of in-

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dividualist capitalism is hurrying us, will render a conformity with social ethics, a universal condition of tolerable existence for the individual.[4]

In short, the gradualists claimed that the direction of industrial, social, and political evolution was already toward their desired goal of socialism. How this differed from the Marxian view was well stated by Eduard Bernstein:

> The old vision of the social collapse which rises before us as a result of Marx's arguments . . . is the picture of an army. It presses forward, through detours, over sticks and stones, but is constantly led downward in its march ahead. Finally it arrives at a great abyss. Beyond it there stands beckoning the desired goal—the state of the future, which can be reached only through a sea; a *red* sea, as some have said. Now, this vision changes, and another takes its place . . . . *This* vision shows us the way of the working classes not only forward, but at the same time upward. Not only do the workers grow in numbers, but their economic, ethical, and political level rises as well . . . .[5]

The link was made, then, between the gradual movement toward socialism and the idea of evolutionary progress. One might say, following this junction, that socialism was the goal, gradualism the way, and evolutionary progress the engine to get there. It has certainly been a most useful propellant. The idea of progress has been mightily attractive in the last couple of centuries. Many have come to believe that great progress was actually taking place. If it was, why it had anything to do with socialism is an important question. But gradualists propounded it not as a proposition standing in need of proof but as the answer to the riddle of history. The notion that the movement toward socialism is progress has served them well. It has enabled them to claim that all acts moving in their direction were progressive, while those opposing them were retrogressive and reactionary.

Practical Democracy

When evolutionary socialists say that they are democratic it does not mean just what it appears to mean. To get in the vicinity of its meaning it is necessary to hark back to one of the issues that split German socialists in the middle of the nineteenth century. The issue was this: Should socialists run for and accept seats in legislatures? More broadly: Should socialists participate in bourgeois governments? To put it in present day jargon: Should socialists participate in the system? By participating in it would they not be giving tacit approval to it? Revolutionists tended to answer that they would. The state—and most emphatically, the bourgeois state — was the enemy. Those who took the other side were early called

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democratic socialists. They were also called parliamentarists, signifying their willingness to participate in the government.

Actually, evolutionary socialists are what is now often referred to as pragmatic. What this means in socialist terms is that they are not wedded to any particular means in the achievement of power and the enactment of their policies. Hence, democracy may mean for them majority rule when they have a majority. On the other hand, it may mean equality when they are pressing for the enfranchisement of someone or for the use of some other than a parliamentary device for the achievement of their ends. Even the form which socialism will eventually assume, indeed, whether it will have some *final* form, does not much matter. Eduard Bernstein got in hot water with other socialists when he first tried to express this view. He had said that the "final aim" of socialism was of little account. Here is his further explanation of what he meant:

> In this sense I wrote the sentence that the movement means everything for me and that what is usually called "the final aim of socialism" is nothing . . . . Even if the word "usually" had not shown that the proposition was only to be understood conditionally, it was obvious that it could not express indifference concerning the final carrying out of socialist principles, but only indifference—or, as it would be better expressed, carelessness—as to the form of the final arrangement of things.[6]

The Goal Is Everything

What was shocking about Bernstein's original statement was that he appeared to have got the matter wrong end to. What he should have said, one supposes, is that the means did not matter but that the end or final goal of socialism was everything. Yet, when pressed on it, he did not back off; he affirmed his devotion to principles, not to goals. Actually, he changed positions. He had said that "the movement means everything," not that principles do. His original meaning may have been closer to the core of evolutionary socialism. He was saying, if I understand him, that what the paradise of socialism is like does not matter so long as we are on the way there. It is in the concerting of effort to achieve it that the fruits of socialism are realized, not in some distant goal to be reached.

Despite any appearance to the contrary, what comes out of this is that methods do not matter so long as they are collectivist in principle. What he was arguing for was the necessity of political activity as the necessary immediate task of socialists. What he was arguing against was that to become embroiled in politics was the wrong way to achieve socialism, that the

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political means were not in accord with the final goal of socialism. He was arguing against those who were arguing from some blueprint of what socialism was going to be like. He had no such blueprint, he was saying, and he would not be turned away from using methods that were collectivist by some hypothetical final goal.

Does this mean that evolutionary socialists are democratic in principle? A biographer of Bernstein has summed up his mature position this way:

> Social democracy fights for democracy in state, province, and community as a means of realizing political equality for all and as a lever for the socialization of the soil and of capitalist enterprises. It is not the workers' party in the sense that it accepts only workers as members—everyone who subscribes to its principles may belong to it. But its chief appeal is to the workers, for the liberation of the workers must principally be the task of the workers themselves. The chief job of Social Democracy is to fill the working class with this idea and to organize it economically and politically for its historic fight.[7]

Sidney Webb described the connection between socialism and democracy in these words:

> So long . . . as democracy in political administration continues to be the dominant principle, socialism may be quite safely predicted as its economic obverse, in spite of those freaks and aberrations of democracy which have already here and there thrown up a short-lived monarchy or a romantic dictatorship. Every increase in the political power of the proletariat will most surely be used by them for their economic and social protection . . . .[8]

Actually, it would be more accurate to say that collectivism was the principle and democracy the means. Democracy offered the mode for collective decision making. More, it provided a means for thrusting toward enfranchising more and more of the population. With near universal suffrage, they hoped that socialist measures would be ever more likely to be enacted. Democracy became a mystique in the course of this effort, a mystique of the proper way to act and even a sort of mystical goal.

Reliance on State Power

Evolutionary socialism is statist. It determinedly uses the power of government for its purposes. On the face of it, however, this does not distinguish evolutionary from revolutionary socialism. The difference, such as it is, is part theoretical and part the role that government is supposed to play and how it is to be done. In theory, Marxists are not statists. The State, according to Marx, was supposed to wither away under com-

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munism. This, however, depended upon a transformation of human beings and society which has not taken place. That aside, there are still differences between revolutionary and evolutionary socialism.

The evolutionists proposed to use the existing state and work within it. They would gradually transform the state even as men and society were being transformed. By contrast, revolutionists proposed that the old state structure would have to be destroyed and a new one erected in its place.

Evolutionary socialists have been *interventionists.* They proposed to work and accomplish their ends, in part at least, by intervening in the capitalist system, as they described it. They would eventually alter and transform the economic structure by their interventions. The revolutionaries were holistic in their approach. They would take over the state apparatus, change it and redirect it so that it was no longer what it had been. They would use it not simply to alter the economy step by step but would destroy the old system and put another one in its place. Both are no doubt statist, at least to those who do not accept the mysteries of communist terminology, but there are differences in approaches.

There is no blinking the fact that evolutionary socialism differs somewhat and bears a different face from land to land. It has already been pointed out that by its nature it is nationalistic. It is even called by different names in different countries. In Germany, it is the Social Democratic Party today, though most political parties are apt to be to some extent under its sway. In England, the Labour Party has been the spearhead of evolutionary socialism. In some lands, it is the Christian Socialist parties. In the United States, its devotees are most often referred to as "liberals," but they have also been known by other names. The Democratic Party in more recent times has been at the forefront in pushing the gradualist type of reforms.

The Strategy Changes

The tactics of socialists differ much from country to country. In those nations where socialism is avowed as a desirable goal, it is sometimes sufficient recommendation for measures that they are required by socialism. But in countries, such as the United States, where few of the actual advocates avow their socialism, and where it would hardly be considered a recommendation, measures are promoted on other grounds.

The amazing thing is the continuing impetus toward socialism and the remarkable consistency in what is sought from land to land. Despite even the most obvious failures,

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despite political setbacks from time to time, despite cultural differences from land to land, the impetus rises again and again and the same sorts of measures continue to be enacted.

The question must ever arise as to where and what is the source of this impetus and consistency. The impetus to and consistency of communism is not so difficult to explain. After all, communism is an international movement, supported by nations where communist parties are in power, such as the Soviet Union, the People's Republic of China, and Cuba. There is a party line controlled from Moscow, Peking, or wherever. Communism is spread, too, by military conquest. But the paraphernalia for this is missing largely from evolutionary socialism. There is no body with either the power or authority to promulgate a party line across the boundaries of nations. Even within countries, there is usually no authoritative body to enforce some party line. True, the United States, or perchance other nations, may promote socialist measures through foreign aid programs, but these would hardly account for the continuing impetus toward socialism. The notion that it is done by some international cabal is appealing, but such organizations as exist lack the power and authority to promote socialism that thoroughly.

The answer, as we have explored it thus far, is this. The world is in the grip of an idea. The idea is to use government to achieve human felicity on this earth by concerting all efforts toward its realization and to root out and destroy all that stands in the way. The idea, in its Marxist articulation, is an anti-religious religion. The idea, in its gradualist posture is a secular faith. It is not proclaimed by the gradualists as being either secular or a faith. It is not a religion. It accepts votaries from every religion and none, lays claim to any good which it finds in these religions, and uses the elements of traditional religious belief which bear any resemblance to the idea to support it. Its faith is in progress, in collectivist democracy, in the possibility of changing human nature, and in eventually concerting all efforts behind the movement to achieve human felicity on this earth.

Long-Range Planning

The Marxists offer to the intellectuals the hope that ideas will become actuality. The evolutionary socialists offer not just temporary employment to intellectuals but permanent positions. Since the evolution is an extremely long range affair, there is no probability that in the foreseeable future the need for ideas will end. To the have-nots, to the down-and-out, to any who conceive that they have not

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received their deserts (and the number of these is legion) both revolutionary and evolutionary socialism promise that all this will be changed. Both hold up a vision of perfection beside the realities of an imperfect world and proclaim that they know how to attain the perfection. If history is *for* them (either history whose process was supposedly scientifically discerned by Marx, or history discerned in progressive evolutionary patterns), who can be against them? These are the lineaments of a religion, on the one hand, and of a secular faith, on the other.

My main purpose in this work, however, is not to write about ideas. The emphasis is to be on the *grip*, not upon the idea. To show the grip, it is necessary to look at the actions of governments in some of the lands under the sway of the socialist ideas. There we shall discover not the beatific vision foretold by socialist prophets but the hard realities produced by the applications of force and violence.

From Ideas to Practice

The discussion of the ideas of revolutionary and evolutionary socialism has one main purpose here. It is to show the connection between the ideas and the practices. Socialists of whatever persuasion focus attention upon and talk most about economic matters. They proclaim that the ills which beset us are economic in origin. But the task which they propose to undertake does not simply involve rearranging economies. An economy does not exist in lofty isolation from man, society, morality, religion, culture, habits, customs, and traditions.

Indeed, economy is what it is because man is what he is. This being so, anyone attempting to institute new and different economic arrangements must perforce also devise a new man, new society, new morality, and so on. It may be less painful to go about it gradually than in one fell swoop, but the damage must finally be done whichever way is taken. The damage must be done because the old man, the old society, the old morality, and so on, must be rooted out, altered, or destroyed. The evolutionary approach is much more subtle because much of this process is hidden beneath diversionary arguments and gradual methods. It is there, nonetheless.

Loss of Independence

The impact of the thrust toward socialism is to destroy the independence of the individual and leave him exposed to the power of government and the influence of whoever has it or will wield it. This is so because the thrust of socialism is to remove all the supports by which he may stand as an in-

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dividual: the supports of a free society, of morality, of religion, of custom and tradition. The logic of this development is in the socialist idea.

We turn now to the exploration of this impact in several lands where it has been applied. Undoubtedly, the impact will vary from country to country. It will certainly vary depending upon whether it is revolutionary or evolutionary socialism at work. It will vary, too, depending upon the leaders from time to time and place to place. Each country has a different history, and each people different ways. But when all that has been said, there is but one definitive way to study the impact of an idea, and that is upon actual people in the situations in which we find them.

Next: 4. Russia: Old Regime and New Revolutionaries.

—FOOTNOTES—

[1]Quoted in Thomas Molnar, *The Decline of the Intellectual* (Cleveland: World Publishing Co., 1961), p. 81.

[2]Harry W. Laidler, *History of Socialism* (New York: Thomas Y. Crowell, 1968), pp. 220-21.

[3]Eugen Weber, ed. *The Western Tradition* (Boston: D.C. Heath, 1959), p. 663.

[4]Laidler, *op. cit.*, p. 212.

[5]Quoted in Peter Gay, *The Dilemma of Democratic Socialism* (New York: Collier, 1962), pp. 147-48.

[6]Weber, *op. cit.*, pp. 664-65.

[7]Gay, *op. cit.*, pp. 251-52.

[8]Laidler, *op. cit.*, p. 199.

IDEAS ON LIBERTY

A Strange Hybrid

IT UNFORTUNATELY has become fashionable for the artist in modern society to quibble over this issue of freedom. He says on the one hand that he prefers a society which emphasizes physical security for all (which necessitates in technological civilization a degree of regimentation which endangers freedom). At the same time he properly wants a society where he is free to write, paint, and compose as he wills. He fails to recognize that the artist is so influenced by the society of which he is part, that he cannot remain free when all else is controlled. . . .

The tragedy of so many intellectuals in the contemporary world is that while opposing extreme forms of totalitarianism, they are themselves half-totalitarian; that is to say, they express a desire for a society which is half-controlled, half-regimented, half-planned, part capitalist, and part socialist. This strange hybrid they will find (indeed, have found) to be a Frankenstein monster which, ironically, they have a great responsibility for creating.

GEORGE S. SCHUYLER, *Black and Conservative*

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COMMITMENT

Ridgway K. Foley, Jr.

COMMITMENT refers to devotion to a person, or to a cause, or to an ideal. The concept defines a solemn pledge to adhere to a certain moral choice. Such fidelity demands steadfast faith and belief in the object revered. This essay proposes to explore the concept of commitment.

The *sine qua non* of commitment is freedom. Commitment without freedom states an absurdity, an impossibility. Man must be at liberty to choose the object of his fidelity. No one can express a solemn pledge for another in matters of deep concern; only the actor, responsible for the consequences of his choice, ought to, and is able to, decide on his destiny.

Freedom represents the absence of human restraints on personal creative action. Choice represents the means of expressing freedom, the manner in which each human actor decides between the myriad alternatives open to him. Commitment represents the intensity with which the object of the free man is sought by the actor.

Consider the suggestion that a slave can manifest commitment to a goal. If one chooses for another, the choice becomes that of the tyrant, not the slave. The tyrant, the social structure, indeed the law of man, may contend that the choice abides in the slave rather than in the

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master, but such a view fails to accord with reality and amounts to mere whimsey. Even if sanctions are meted out to the slave by those in authority as a consequence of the master's choice, that does not alter the condition: the choice belongs to the one who chooses. One who does not choose cannot be said to make a decisive moral choice.

Arguably, a slave can attain commitment if his goal coincides with that course of conduct chosen by his master. One questions how often this concatenation of events would occur. However, passing that intriguing inquiry, both rational and empirical evidence demonstrate that the serf will act with less intensity if he lacks the faculty of choice, whether or not he believes that the object corresponds with his aim in the endeavor. And, intensity marks the touchstone of commitment.

Freedom, Slavery, Commitment

To this point, we have utilized the seemingly pejorative words "master" and "slave" to connote parties who choose for another and parties who lose their decision-making power to others. One might take issue with such harsh descriptive words in the absence of analysis. Upon reflection, the terms appear apt. One can define a master as a person who commands, domineers, or subjugates others. A slave refers to a bondsman, a servant, or a fief, one limited and directed by another. To the extent that one person forecloses the choice between alternatives available to another, he dominates the latter and denies him his essential humanity.

Freedom means making your own fetters. A free man circumscribes his actions just as surely as a slave. The difference: the free man chooses his own yoke; the preceptor imposes a harness upon the serf.

Cursory reflection reveals the validity of this set of premises. Each man bears the marks of restraint: wholly unlimited conduct is unthinkable, save for a madman. Nature restricts the physical feats we perform; morality impedes the treatment we accord to others occupying this planet; our sense of value commands the choices we make. The salient question remains, who shall decide what path each man shall follow? Those who seek their own star can be called free and committed to that end; those who are denied choice must be termed slaves. Remember, commitment also refers to consignment to a physical or mental prison as well as adherence to another person or a course. A commitment to freedom may well encompass a consignment to a stricter lash than totalitarianism, for a free man must bear responsibility for his moral decisions.

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Two Faces of Commitment

Commitment, like many other serious concepts, evinces a duality: silent devotion to principle and open demonstration of purpose.

The first aspect of commitment, a quiet steadfastness, requires no spectacle of obligation for all the world to see. One may entertain a deep and intense commitment forever unknown to others. Who can measure the depths of another's commitment? No one, for to do so requires an absolute knowledge of the values embraced by another. True commitment may include that fidelity which is unspoken and unknown to all save the actor, for only he can truly measure what he has surrendered in exchange for his fealty.

Consider the case of Edward VIII of England, the Duke of Windsor. Who among us really knows how committed he was to Mrs. Simpson when he abdicated his throne? Perhaps he decried the royal life. Certainly he attained a long and seemingly happy life with Mrs. Simpson, full of esteem of many people, well-being and good health. How much deeper the comparative commitment of one who gives up life itself, or consigns himself to a short, solitary, distasteful and brutish existence of alienation in quest of an ideal? No one can comprehend the commitment existent throughout history by untold multitudes who followed their polestars in silent allegiance.

The second and converse aspect of commitment devolves to the concept of witness. The object of commitment may induce, nay demand, obeisance or even an open demonstration of conviction. True, those who engage in the greatest display may actually carry the shallowest pail. Nevertheless, true commitment encompasses a demand in addition to fetters, a demand that one live his life in harmony with his chosen purpose. Distinguish between empty posturing, evangelical conversion, open recruitment and proselyting, and solid adherence to principle at all cost, in all times, and in all places. One can effectively witness his commitment without openly seeking converts, without mass demonstrations, without mean rhetoric; he need only understand his values and express his philosophy in the choices he makes. Yet even this manifestation of commitment appears to run counter to the silent, internal aspect first discussed.

What Constitutes a Commitment to Liberty?

Each individual, discrete and unique, must determine the existence, extent, and intensity of his or her commitment to freedom. Like other singular features of life, commitment—especially commit-

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ment to freedom—represents the most personal, profound, and individualistic of choices.

Each person must decide if he possesses a commitment to liberty, a belief in the untrammeled right of each person to govern his own life and to make his own choices without interference by other human beings. Once established, the actor must also determine how far and how deep his pledge travels, whether his is the superficial kind of lip service without meaning, or whether his principle has a price or a limit. Judging by actions, few men today offer any commitment to freedom, and fewer still adduce any evidence of a deep, intense, extensive, and abiding conviction. Were this not true, one would not witness all manner of interventions and deviations in modern society.

Recognizing that commitment comprises an inherent internal facet of life, one not necessarily apparent to the objective observer, we may still ask the seminal question, what constitutes a commitment to freedom? Obviously, not every answer will apply with equal force to each unique individual; one must deal in aggregates. Nonetheless, the enterprise still yields some general rules for consideration of the committed.

First and foremost, commitment to freedom compels an unyielding belief in the sanctity of human life and a disparagement of the initiation of force in any endeavor. A faith founded on the value of individual life will impart a belief that each life possesses subjective value to its owner so precious that it ought not be traduced in any particular. A right to life naturally encompasses a right to live that life in all endeavors as the actor sees fit, so long as he refrains from initiation of force or fraud against any other person. Secondarily, a commitment to freedom requires the believer to do more than believe—he or she must act in accordance with that belief and live life in harmony with the principles espoused.

From Principle to Practice

The initial step, while presenting a hurdle of considerable magnitude, does not often waylay the person seeking freedom. One can fairly easily acquire and profess at least a superficial belief in the free life. It is the secondary postulate which poses the most difficulty in achieving true commitment. All too few seem able to correlate action with principle. Thus, civilization perceives the specter of an apparent devotee of freedom clamoring for controls over the personal, social, or economic actions of others. Businessmen seemingly imbued with the sagacity of the voluntary market system hanker after price, wage and rent controls during times

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of economic ferment. Workingmen interested in individual choice band together to conscript nonunion believers into a coercive union and to petition for minimum wage laws.

One can only suggest the aberrations apparent in such conduct and offer light leading to a different result; to one who does not approve the initiation of force, that principle must remain enduring and equable, even to the extent of a refusal to force man to be free. Indeed, few if any persons possess the ability or right to drag others on the path of liberty. Each of us must find his own way, a way illuminated without compulsion from the varying light from many lamps of other believers inching their respective ways toward the goal of liberty.

Improve yourself: that norm summarizes the essence of the obligation of one committed to freedom. Learn the philosophy of freedom and consistently apply it to all situations arising in life. If all followers would adhere to this principle, the road would be better lighted and less treacherous.

IDEAS ON LIBERTY

The Personal Practice of Freedom

FREEDOM RESTS, and always will, on individual responsibility, individual integrity, individual effort, individual courage, and individual religious faith. It does not rest in Washington. It rests with you and me.

Two things you and I can do, and two only. First, we can practice what we profess. Second, we can each preach, from our own personal pulpit, the principles we practice, whether that pulpit looks out upon a continent, a country town, or a single cottage.

As we thus prove our faith by our works—as we accept with diligence and devotion the responsibility for areas within our reach—as we inspire those about us and send them in turn to inspire others—we shall find that we are making an ever-increasing contribution to the accomplishment of our century's most challenging job.

ED LIPSCOMB

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COMES THE DAWN

GARY NORTH, in an article on the Austrian school of economics, notes that F.A. Hayek, "the most famous Austrian," has more or less forsaken economics for "a study of law and society, in an attempt to find classical liberal ways to limit the modern political State." Hayek's action, however, represents no desertion of his real subject. Indeed, it is inherent in the nature of the economics of Carl Menger, who made the subjectivity of choice the foundation of the Austrian system. Value is in the eye of the beholder, not in any such abstraction as labor hours or cost of production.

The eye of the beholder, of course, may stray quite away from economics. It remained for Ludwig von Mises, who had an unerring instinct for fundamentals, to observe that all choices, whether economic or not, compete for time in the life of human beings. Economic action is part of human action. It follows logically that man's choice of a political (and moral) system will have directly observable effects on his ability to choose in the market place.

This is what concerns Hayek, leading him from his original preoccupation with technical aspects of economics to his researches into the "constitution of liberty."

As Hayek has found, the "planned society" doesn't leave room for

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subjective divagations. To save economic choice, one needed a certain view of man. So, when Leonard Read set up The Foundation for Economic Education to disseminate sound economic ideas, he discovered that exploration in what he calls the "freedom philosophy" was basic to his mission. Man's moral being is the quintessential question. If "dictocrats" (a favorite word with Mr. Read) presume to set limits to men's choices, the world will be poorer in invention and production and therefore in consumption. The dictocrats themselves will be menaced by stultification.

The Morality of Freedom

Since Leonard Read's books are concerned with the wider choices that affect economic choices, it is scarcely to be wondered at that his references to moral teachers are vastly more numerous than his references to economists as such. His latest collection of essays, *Comes the Dawn* (FEE, $5.00), like his other works, invites a curious reader to play a little game. One can count forty citations of philosophers (Goethe, Kant, Socrates), saints (Augustine, Matthew), great patrons (Lorenzo the Magnificent), humorists (Will Rogers, Sydney Smith), political theorists (Burke, Woodrow Wilson), poets (Tennyson, Cowper), psychologists (William James), amateurs of ideas (Stewart Edward White, Aldous Huxley) and general essayists (Montaigne, Voltaire) to ten mentions of professional economists. But it is all germane to what Gary North has called FEE's basic concern for the "transmission of introductory economic ideas rather than front-line economic research."

Leonard Read doesn't condemn all "front-line" monographs, but he thinks research of a statistical nature has its limitations when one is talking about future probabilities. He has great fun with some of the statistical fetishes of contemporary economics, the Gross National Product (GNP), for example. GNP is always expressed in a monetary unit, so it grows whenever the medium of exchange is diluted. It reached its peak in Germany in 1923 when a bushel basket of marks couldn't buy a loaf of bread. Mr. Read ponders the absurdity of boosting the GNP by paying farmers not to produce, and marvels that if a man were to divorce his wife and hire her as a cook at $50 a week he would increase the GNP by $2,600 for the year.

Problems of Intervention

The Command Society (Mr. Read lumps feudalism, socialism, fascism and the Welfare State together under this heading) limits choice to

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a small group of "pre-emptors." Naturally this drastically circumscribes the experimentation that comes when individuals are free to try things out for themselves. We don't know what would happen in any detail if the post office monopoly should be somehow broken. But we can be sure that men would continue to communicate. As Mr. Read says, the Bell telephone system, which is privately owned, does a pretty good job projecting the human voice over vast distances. Mr. Read doesn't mention Citizens' Band radio, which (if you don't mind what amounts to a party line) has the potentiality of competing with Ma Bell herself. The point is that if ideas are free to flow, almost anything can happen. Where choices are limited to a few pre-emptors, they function as agents of destruction.

Twenty years ago Henry Hazlitt remarked to Leonard Read that the country was going in two directions at once. Since then, our regulatory agencies have invaded practically every human province, we have more pre-emptors sitting in Washington than we ever had even in wartime, and the talk of "national planning" is louder than it has been since Rexford Tugwell's day. Socialism, says Mr. Read, "is more agreeably accepted today than a year ago or two decades ago." But the "saving remnant" of "freedom philosophy" devotees, while it hasn't saved us yet, threatens to become much more than a remnant. The literature of freedom has been growing rapidly. Mr. Read is convinced, from reading his mail and talking all over the country (and, indeed, the world) that thousands of new people are becoming skilled in understanding and explaining the nature of freedom. FEE has had more requests for seminars than it can accommodate. Mr. Read might have mentioned the trouble the Mont Pelerin Society, which he helped to found, now has in making room for all those genuine lovers of freedom who want to join it.

Setting an Example

With more than a "remnant" becoming convinced that the Command Society must inevitably break down, Mr. Read's observation that it only takes a few "authentic heroes" to turn things around becomes more pertinent. Three men—Ludwig von Mises, Wilhelm Roepke and Ludwig Erhard—put post-World War II West Germany on the right economic track. And two men—Richard Cobden and John Bright—turned England away from mercantilism after the Napoleonic wars. But, though "saviors are always few in number," they benefit

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when there is more than a remnant ready to listen to them. If the currents weren't flowing in two directions at once, saviors would have to wait.

Mr. Read quotes an unknown savant who said that "if you are not part of the solution, you are part of the problem." The first step toward becoming part of the solution is to cease doing wrong (in this case, to cease trying to live by and through the State, which has no money of its own to give away). The second step is to become a creative thinker and expositor of the freedom philosophy. The third step is to be such an exemplar that others will seek your tutorship. Though Mr. Read counsels humility, it is obvious that he is a most convincing third-stage exemplar. He made his critical decision when he decided there was more to economics than economics itself.

► TWILIGHT OF AUTHORITY by Robert Nisbet. (New York: Oxford University Press, 1975) 287 pp., $10.95.

Reviewed by Haven Bradford Gow

WESTERN CIVILIZATION and America in particular is in a state of decadence. Mr. Nisbet discerns America's decline in such indices as the decay of values, the deification of the self, the erosion of patriotism, the loss of faith in our institutions, the militarization of our society and the centralizing of power in the hands of the state, increasing hedonism, the rising rate of crime and social disorder, waning belief in heroes, the corruption of language, the disintegration of traditional social and moral authority, the destruction of human loyalties and the loss of a sense of social roots. It is America's "twilight age," a political, moral and cultural crisis similar to that which marked the decline and fall of Rome.

By "the loss of social roots," Mr. Nisbet means the decline of "the local community, the dislocation of kinship, and the erosion of the sacred in human affairs." He cites the rebellion of youth against any and all forms of parental domination, the perpetually rising divorce rates, the shunting aside of traditional family for novel forms of communal living, and the women's liberation movement as evidence of the decline of the family's "functional importance in the social order." Ironically, as Mr. Nisbet observes, the disintegration of, and virulent assaults upon, the family are occurring at a time when we are beginning to learn how very important the family is in such crucial areas as individual motivation, the ability to learn, and personality,

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sexual and moral devopment. Numerous studies buttress the recognition that while the school, peer group and church do indeed have a tremendous influence upon the mind of a child, these influences nevertheless are "comparatively weak" in comparison with the pervasive influence of the family.

Is it too late to arrest, perhaps even reverse, the pernicious trend toward political Leviathan on the one hand and the disintegration of the social order on the other? Mr. Nisbet finds no reason for optimism, for the ranks of "those still committed to the private sector, to the social sphere, and to the individual liberties within each of these, become progressively thinner, their voices increasingly muted."

Mr. Nisbet, though, does provide some reflections concerning "what a genuine social regeneration in the West might consist of—either as a consequence of historical factors now only dimly to be seen or foreseen or of direct, enlightened statesmanship." Briefly, Mr. Nisbet argues for the decentralization of cultural, economic and political power; he contends that the concentration of power in the hands of the state inevitably leads to the diminution of personal liberty. He makes a sharp distinction between state and society, and points out that there are areas of life beyond the competence of politics and of the state to cope with. Closely connected with the distinction between state and society is the need to "recover the social," that is, the need to reaffirm and strengthen a sense of community, kinship, and social roots, and such social institutions as marriage, family, the church, and other kinds of self-help and charitable organizations and associations. By so doing, we may still be able to reverse the trend toward the total state and achieve order in the soul and in the commonwealth.

► THE PSEUDO-SCIENCE OF B.F. SKINNER by Tibor Machan. (New Rochelle, N.Y.: Arlington House) 224 pp., $9.95

Reviewed by Haven Bradford Gow

B. F. Skinner believes that man's behavior and choices are determined by processes beyond his control; man is nothing more than an animal who reacts blindly to stimuli in his environment. Freedom and dignity, therefore, are just "myths;" they cannot be "scientifically verified," that is, weighed or measured.

The author, on the other hand, contends that Mr. Skinner's view of freedom is the myth, and to check it he has written a much-needed af-

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firmation of man's dignity and freedom, and a hard-hitting attack on the thinking of those social scientists and philosophers who deny man's moral worth and freedom.

Dr. Machan points out that the attacks on free will—i.e., man's inherent capacity to make free choices and judgments—are based upon a warped view of man, the view that man is simply a machine. True, man has a material body, but he is also a spiritual being. Human beings have the capacity to reason, to conceptualize, to grasp universals, to utilize and comprehend symbols, to express in written word and in propositional speech their private thoughts and feelings. Man can love and hate, he can cry and understand and laugh at the meaning of a joke. Clearly, if man's freedom, moral worth and uniqueness cannot be verified through the techniques of the laboratory, this is no proof that these qualities do not exist. They are indeed real, even though their reality cannot be chemically analyzed or weighed.

There is an obvious relation between the Skinnerian view of man and freedom on the one hand and pernicious attempts in our time to wrest away man's political liberty and concentrate decision-making power and authority in the hands of a few. If, as Mr. Skinner claims, the "survival of the culture" is the highest value, and individual freedom and dignity are just "myths," then man's political liberty may be sacrificed. Mr. Skinner and his followers would then "feel free" to use scientific know-how and technology to manipulate man and his environment to achieve their desired results.

On the other hand, if, as Dr. Machan believes, man has the capacity to reason and also possesses free will and dignity, then proposals and efforts to manipulate man through science and technology are virulent assaults on man himself. Let us, instead, cultivate and preserve those institutions and those social, economic and political conditions which help human beings to live rationally and freely choose good over evil.

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